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International Commerce

A U.S. DEPARTMENT OF COMMERCE WEEKLY

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International Trade Winds

Company News

AGRICULTURAL DEVELOPMENT—Four American firms have joined with Iranian interests to develop a large-scale commercial farming project in Iran. The joint venture, incorporated in Teheran as the Iran-California Co., Inc., will lease, develop and farm 25,000 acres under Iran's program for agricultural development in the Khuzestan Province. Sharing a 70% investment are: Trans-World Agricultural Development Corp., an organization of commercial farmers; Bamerical International Financial Corp., a Bank of America subsidiary; Deere and Co. and Dow Chemical Co. Iranian shareholders owning 30% of the firm include the Iranian Agricultural Development Fund, the Ministry of Water and Power and private investors.

COMMUNICATIONS—RCA has received an order from the Metropolitan Police of Caracas, Venezuela, to supply and install two-way radio equipment as a part of the Caracas police program to improve its communications. The equipment, mobile radios for vehicles, radio base stations and lightweight two-way units for use by individual officials, is manufactured in RCA's plant at Meadow Lands, Pa.

CONSTRUCTION—M. W. Kellogg Co., a division of Pullman, Inc., New York, has entered into a joint venture with Didier-Werke AG, a German industrial firm, incorporating the German concern's engineering and construction branch, Didier-Werke AG Industrieanlagenbau Essen, into the new company. The newly formed firm, Didier-Kellogg Industrieanlagenbau GmbH, will be headquartered in Essen and will combine Didier's experience in constructing coke ovens, by-product plants and other facilities for producing chemicals and fertilizers with Kellogg's knowhow in design, engineering and construction of petroleum, petrochemical, chemical and fertilizer complexes.

FOODS—Carnation Co., Los Angeles, has named Mitsui & Co., Ltd., Japan, as exclusive agent/distributor for most of Carnation's line of food products and pet foods. Among the Carnation products which will be exported to Japan are Coffee-Mate, Tea-Mate, malted milk and Friskies pet food. Mitsui's subsidiary, Bussan Food Service Co., Ltd., will be in charge of sales promotions.

Newsletter

A full range of U.S. firms, in the large, medium and small categories, is now in Europe on the Trans World Airlines MarketAir Mission. Six are in the field of environmental controls, 18 in the electronic data processing equipment line, and six are manufacturers of electronic components. The London-Paris-Berlin itinerary includes seminars on environmental control problems, meetings with government officials, and plant visits. Meanwhile the members will meet with individual European businessmen to conclude sales and to negotiate joint ventures, distributorships and licensing arrangements.

Activity by new-to-market firms was a feature of the exhibition of meat, fish and poultry processing equipment that closed late last month at the Milan U.S. Trade Center. Six of the 24 participants were seeking overseas representation. As the last of the 1,980 registered visitors left the Center, three agents had been appointed and 22 others, from various European countries, were under consideration.

A second Commerce Department-private business team is in Africa now, exploring possibilities for a five-year trade promotion program in which the U.S. would collaborate with developing nations. This group, led by the Bureau of International Commerce's Africa Division Director, Stephen M. Conger, includes officials of the International Chemical Corp. and Morgan Guaranty Trust Co. For a report on the first survey trip, see the April 13 issue of INTERNATIONAL COMMERCE.

Paper production equipment in many cases is bulky equipment, so only 18 companies could fit into a show of such items held last month at the London U.S. Trade Center. Sales projections for the next 12 months reached $1,470,000. M/K Systems, Marblehead, Mass., summed up exhibitors' reaction: "Any new-to-export firm that doesn't use U.S. Trade Center facilities to get into a market isn't in step with the times. We're still amazed that you were able to attract visitors representing every segment of the paper industry."

Commerce Department has taken a new course at trade shows in the East European nations, by sponsoring catalog displays. Thus, more than 400 U.S. companies got Commerce invitations for exposure at next month's International Trade Fair at Poznan, Poland, through their product catalogs, and 55 have accepted, so far. The point of display will be a Business Information Center to be operated by Commerce specialists.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for the detailed know-how and analysis in our regular news columns.

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the cover

From the World Bank down to various national development units, there are dozens of official bodies throughout the world that provide money for desired projects, and in the process create markets for imported goods and services. The policies and methods of operation of the major world lending agencies are described in a special report which begins on page 15, along with hints on how U.S. firms can keep informed of the latest market opportunities that are created by their activities.

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International Commerce

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Special Report — Operations and policies of world's lending agencies described, pages 15-27

Administration Places Trade Views Before Congress 2
Commerce Secretary Stans in Cabinet group testifying as House opens hearings on proposed legislation; textile issue in spotlight

Equipment Mission Reports on German Market 6
Automotive maintenance and servicing specialists find use of labor-saving units surprisingly limited in cities visited

Colombian Economy Should Continue To Climb 28
Economic Trends and Trade Outlook indicate that 1969 was best growth year of decade; record level of imports expected in 1970

MISCELLANEOUS—U.S. direct foreign investment rose in '69 4
Secretary Stans calls six-nation Latin American trip "highly successful" 5
Government-private cooperation is theme of two Washington meetings 5
Eximbank broadens coverage on equipment leased outside the U.S. 9
IDB head Herrera says Latins are in remarkable economic rise 10
Finnish importer loses U.S. export rights for aiding barred firm 11
TRADE FAIRS AND CENTERS—U.K. plastics industry target of fall show 12
Sound systems sell in German market in April for 19 U.S. companies 13
INTHERM '71, large European oil and gas heating fair, open to U.S. firms 14
WORLDWIDE BUSINESS OUTLOOK—Steady Chilean growth boosts imports 31
Resurgent Spanish economy revives inflation fears after only two years 33
Export gains, higher tourist earnings invigorate Paraguayan economy 36
Greek growth expected to continue, but at lower rate than 1969's 8.3% 38
Moroccan economic outlook improves despite continuing foreign trade deficit 40
Data processing catches on in Argentina; U.S. firms dominate hardware sales 41
INVESTMENTS, LICENSING OPPORTUNITIES—Six German firms seek licenses 43
Ties with American concerns desired by four British manufacturers 44
WORLD TRADE OPPORTUNITIES—Malagasy will build high school complex 50

XUM

REPORT ON HOUSE HEARINGS

Ask flexible trade policy

Leaders testify on Administration bill; textile issue highlighted as sessions begin

Administration leaders set before Congress last week their support of legislation described by President Nixon as "an interim step toward developing the flexible trade policies needed for the world of the 1970s."

As hearings began before the House Ways and Means Committee, Secretary of Commerce Maurice H. Stans also emphasized the importance of solving the current textile import problem and told the Congressmen "the greatly preferred method of solving this problem is through voluntary agreements."

He observed, in a reference to textile negotiations he has been leading for the U.S. with the Japanese over the past year:

"Recent action, which I cannot detail today for obvious reasons, leads us to believe more strongly than ever that such agreements can be successfully concluded in the next several weeks. Therefore, the Administration requests the Congress to defer consideration of the textile portion of the Mills [quota] bill for several weeks. If by the end of this period our expectations prove to be wrong and we are unsuccessful in negotiating voluntary agreements, we will at that time consider the matter with Congress.

"The President also recognizes the pressure on Congress for action. The Congress may well feel it must move ahead with legislation on this matter at this time. But I would urge the Committee to withhold specific action until I can come back at a later date with a further report before the hearings are closed."

Also asks quota deferral

Carl J. Gilbert, the President's Special Representative for Trade Negotiations, expressed a similar view to the Committee and also reported that a White House study of the U.S. footwear industry found that "wide variations in conditions and problems in different segments of the industry made industry-wide relief in the form of quotas inappropriate." Gilbert asked for a "fair trial" of a program, still being developed by the Administration, to remedy the shoe import problem.

Treasury Secretary David M. Kennedy recommended an incentive program for exporters centered on a tax deferral for company entities called Domestic International Sales Corporations (DISCs). He told the Committee "our tax system does tend to create an unnecessary drag on exports and actually gives some incentive to manufacturing abroad rather than in the United States." Kennedy asked that the date for authorizing DISC operations be delayed until July, 1971, saying that the plan would cost the Treasury about $450-600 million in tax revenue. He preferred the DISC plan to export tax rebate proposals, which, he noted, would result in a tax drain of about $1 billion if set at a 4% rate.

President's objectives

President Nixon, in his message to the Committee, said his new trade bill would give him the authority to make minor but possibly necessary tariff reductions, would assist import-hit firms with improved special adjustments, would eliminate the American Selling Price (ASP) system of customs valuation for some chemicals that is seen as an obstacle to the U.S. bargaining position in worldwide lowering of non-tariff barriers, and would "strengthen his hand on insuring fair treatment for U.S. exports."

Then he described his longer-range trade plans, and made some disclosures. He said: "Changes in production, trade and investment patterns, and the rapid progress in communications, transportation and technology impel us toward a basic reassessment of our trade policy. I have recently announced the appointment of the chairman of my Commission on International Trade and Investment Policy, which will assist in this reexamination, and I will shortly announce its full membership. The Commission is charged with examining the entire range of our trade and related policies, and of preparing recommendations for the next decade.

"We need more information regarding the competitive position of U.S. industries. So that we will have an adequate factual base, I am requesting that the Tariff Commission make a broad survey of the competitiveness of particular industries. I believe that such a broad study, which the Tariff Commission is best suited to conduct, will be of great assistance to us in our future policies and trade actions and in the work of my Commission on International Trade and Investment Policy.

"It is my intention to marshal the forces of the executive branch to expedite efficient adjustment to economic changes brought about by increased imports. I intend to activate the Trade Adjustment Assistance Advisory Board called for in the Trade Expansion Act of 1962 to lead a broad coordinated executive effort to make adjustment assistance more effective in opening opportunities for workers and firms. I also intend to request additional funds for adjustment assistance as they are needed."

Textile situation

Secretary Stans reviewed the plight of the U.S. textile industry, saying that its March employment figures are 53,000 below the total of last year, and that the U.S. balance of trade in the textile area has skidded from a surplus in 1961 to a deficit of about a billion dollars last year. "Our market has been open while others have been closed and the impact has been considerable," he summarized. He then described the U.S. voluntary quota proposals made to the Japanese, and said: "We are at a key point in the textile and apparel import situation. We will know soon whether an agreement can be concluded."

Secretary Stans told the Committee how the Administration's trade bill would help solve some of the immediate U.S. export-import problems:

► "From the standpoint of U.S. industry, a feature of this bill which I consider of prime importance is the proposed amendment of the escape clause provisions [which] permit the President to increase tariffs or otherwise impose restrictions if it is found that increased imports are causing or threaten to cause serious injury to a domestic industry.

"The proposed amendment will liberalize the criteria for findings of injury and thus provide the desired flexibility. It would ease the eligibility requirements by reducing the test for import injury from 'major' factor to 'primary cause' and would also eliminate the need to establish a causal link between an increase in im-

ports and previous tariff concessions. The amendment, if adopted, will provide much less reason for American firms and workers to feel that their only recourse from import competition is to seek relief through special legislation.

► "It must be borne in mind, however, that making relief more readily available to our industry in the form of tariff adjustment or other restrictions on imports carries with it the responsibility to compensate countries whose trade may be adversely affected as a result and who are legally entitled to such compensation under the provisions of the General Agreement on Tariffs and Trade.

"This is the primary purpose of the proposal to authorize the President to reduce tariff rates by 20%, and the two proposals are therefore interdependent. We must be in a position to offer compensatory tariff reductions to countries whose exports are adversely affected by the granting of escape clause relief under the liberalized criteria. Otherwise, we can expect them to exercise their right under the GATT to retaliate against the exports of other U.S. industries.

► "The feature of the bill for which the Department of Commerce has primary administrative responsibility is adjustment assistance for firms. The proposed amendment would clearly have the effect of making adjustment assistance more accessible to more firms. As in the case of the proposal on the escape clause, this amendment would eliminate the present requirement to prove a linkage between past tariff concessions and increased imports—a relationship which is at best exceedingly difficult to establish in a dynamic market situation. The Administration's proposed amendment would also provide that adjustment assistance be available to firms if increased imports are a 'substantial cause' of serious injury rather than the 'major' factor, as now provided. 'Major' factor has been interpreted to mean at least 51% of all causes whereas 'substantial cause' is intended to mean an actual and considerable cause but not necessarily one that is greater than any other single cause.

"The bill would also transfer the function of making determinations on the existence and cause of injury from the Tariff Commission to the President, although the Commission would continue its fact-finding investigations. This change is intended to streamline procedures and place full responsibility on the executive branch, which is charged with administering the program.

"Finally, the bill would give authority to grant adjustment assistance when an 'appropriate subdivision' of a firm suffers injury. Under the present law, the firm as a whole must demonstrate injury in order to qualify for assistance.

"We made no suggestions in the bill for changes in the assistance we are authorized to provide individual firms. This was because, in the eight years this program has been on the books, we have not had the opportunity to certify a single firm as eligible to apply for aid and consequently we have had no experience in operating the program.

"However, the two escape clause decisions by the President in February—on upright pianos and sheet glass—made it possible for the first time in history for firms to apply for assistance. The Department of Commerce has now received a number of official requests for eligibility certificates and has been contacted by several firms for advice on application procedures and requirements.

"We are making a major effort now to organize so that we can be fully responsive to any firm that may be certified as eligible. We have assigned responsibility for administering the adjustment assistance program to the Office of Business Programs, Business and Defense Services Administration.

"I would expect that the Adjustment Assistance Advisory Board, as provided in the Trade Expansion Act, will take an active role in the development of adjustment assistance programs. That Board, which I chair, consists of the Secretaries of the Treasury, Agriculture, Labor, Interior, and Health, Education and Welfare, the Administrator of the Small Business Administration and other officers the President wishes to appoint. In view of the diverse agencies represented on the Board, I think that it can make a meaningful contribution to the development of a coordinated and sound program.

► "A feature of this bill which may have longer range implications for U.S. trade policy, particularly if it is supplemented by an expression of Congressional interest in pursuing the elimination of nontariff barriers, is the proposal to eliminate the American Selling Price system of valuation for certain products, primarily benzenoid chemicals. The elimination of the American Selling Price system would mean that other countries would carry out their agreements under the Kennedy Round and move ahead to reduce their tariffs on imports of certain chemical products. This action thus would improve our export possibilities in major foreign markets.

"I am convinced that efforts to get our major trading partners to examine possible solutions for reducing or eliminating nontariff barriers will be significantly affected by the decision of the Congress on eliminating or retaining the American Selling Price.

► "The trade bill also proposed two

U.S. trade: a look ahead

Secretary of Commerce Maurice H. Stans gave the House Ways and Means Committee an assessment of what the future holds for the U.S. trading community:

"For the short run, as much as one can read the crystal ball at this stage, we see a somewhat better trade balance for 1970, but it is too early to make any specific estimates.

"Last year our imports rose 8.5% over 1968; this year we would expect a somewhat smaller rise. Much, of course, depends on the extent to which the slowdown in the domestic economy moderates pressures for imports. Conversely, our exports depend on the demand for imports abroad, which could in turn be affected by a decline in imports by the U.S. Most signs point to some slowing down this year in the rate of economic expansion in Europe and Japan, but we hope, through our intensified export promotion measures, at least to maintain if not increase last year's export growth of 9.5%.

"As for the longer term outlook, a guess is even more difficult. We hope to maintain a good rate of growth in our exports. It appears probable that we shall reach our goal of $50 billion in exports by the end of 1973. On the import side, many more unknowns and variables are involved. But it seems fair to say that even with a slowdown in the growth of our purchases from abroad, it is not likely within the next few years that we shall achieve the spread between exports and imports which will restore our former annual surpluses of $4-5 billion.

"When or whether the U.S. can regain balances of such magnitude depends upon how well we compete in the marketplace. Today we stand on the threshold of a new decade of trade developments, and we shall have to examine our trade posture from fresh perspectives."

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additional means of strengthening the President's hand in seeking an end to certain foreign practices that unfairly impede U.S. sales abroad. Under one proposal, the authority the President now has to take action against countries which maintain unjustifiable import restrictions on U.S. agricultural products would be extended to cover U.S. nonagricultural products as well. The second proposal would permit the President to take appropriate measures in cases where subsidized exports to third country markets unfairly affect competitive U.S. exports in those markets."

Proposal analyzed

Treasury Secretary Kennedy explained to the Committee how the DISC proposal would work:

"Essentially, it would permit a company, within prescribed rules, to defer income taxation on exports sold through a domestic export subsidiary. The proposal builds upon and modifies certain existing provisions of U.S. tax law that, in practice, have not been fully effective. It is consistent with international practice and obligations."

Kennedy reviewed some of the concepts that his department considered: "Specifically, the DISC proposal recognizes that export income is partly foreign source income, just as income from foreign subsidiaries is foreign source income. This principle that export income may in substance include foreign source income has long been recognized in our tax code, and it has long been a provision of the tax code of other countries.

"Where this sound tax philosophy has gone astray in the operations of our tax system is that the tax deferral of retained earnings available on foreign investment income can only be obtained on export income through creating a foreign-domiciled sales subsidiary, which many companies find awkward and impractical. Foreign source income may appropriately be determined by the real place of sale, and the destination of the goods; the domicile of the corporate vehicle through which the sale is passed is a matter of incidental significance.

"We believe that this approach is consistent with the basic philosophy of the U.S. tax system. The Committee has before it another bill that would approach the problem from an entirely different direction, providing a rebate to the exporter for taxes directly or indirectly borne by articles exported.

"I recognize that elements in this approach bear some similarity to the GATT-sanctioned practices of many foreign countries providing a rebate to their exporters for value-added taxes. It would, however, raise a number of issues that have not been satisfactorily resolved internationally.

"In the circumstances, other countries could well institute comparable provisions related to similar taxes where no rebate is now provided. Moreover, the revenue cost would be substantial. For example, if the rebate should work out to roughly 4 percent, the loss would probably approach $1 billion or more."

Then Secretary Kennedy acknowledged that the DISC proposal, by deferring income taxes on a large volume of exports, would also entail a significant revenue loss. "I cannot ignore that impact, in the light of our present budgetary position," he said. "Consequently, fiscal responsibility requires that the effective date for action in this area be delayed beyond fiscal 1971 to July 1, 1971."

Kennedy estimated the revenue impact for the first full year under the proposal, fiscal 1972, is expected to approximate $450-$600 million. This revenue impact will need to be taken into account in shaping overall budgetary programs for that period, he told the Committee.

Kennedy added: "The impact on exports would develop through several channels. Most directly, the tax deferral would increase the profitability of exporting. In many instances this should induce more effective promotional efforts or other measures to compete more effectively. Perhaps more important over time, basic decisions on the location of new investment facilities at home or abroad would be affected, and companies would be encouraged to develop long-range export strategies.

"Indeed, I believe this shift in taxation would help signal to industry that improved export performance is a national objective of high priority; it would help build the consciousness and attitudes toward exports that this country has been sorely lacking.

"In our judgment, the effect of removing the bias against exports in our tax system in the manner proposed should be to generate over time a level of exports a billion dollars or more greater than might otherwise develop."

U.S. foreign direct investment increased by $900 million in '69, but stayed within goal

The Commerce Department's Office of Foreign Direct Investments has announced that preliminary estimates indicate that U.S. investment abroad, exclusive of Canada, totaled $2.3 billion in 1969. This compares to $1.4 billion in 1968.

Both totals are after deductions for the use of proceeds of long-term foreign borrowings which in 1969 amounted to $2.6 billion and in 1968 to $2.2 billion.

During 1969, capital transfers from the United States for direct investment purposes amounted to $3 billion; reinvested earnings to $1.7 billion; and program adjustments to $200 million. The latter represent mainly repayments of long-term foreign borrowings previously used by direct investors as offsets to direct investment but not reported as capital transfers. The comparable results in 1968 were: capital transfers, $2.3 billion; reinvested earnings, $1.3 billion.

"The 1969 figures are scaled up from preliminary reports of 713 of the largest direct investors," said OFDI Director Richard P. Urfer, "and are subject to revision after a more thorough analysis is made of the final 1969 reports to be submitted by all 3,350 direct investors. The 1965-68 figures are based on final reports by all direct investors.

"It appears that for the second year foreign direct investment as measured by the Program has been substantially below the original target ceiling. In large part this reflects the continued availability of borrowed funds abroad, which has permitted most projects to go forward while relieving pressures on the dollar which financing wholly with U.S. funds might create," Urfer concluded.

In geographic terms, the increase in direct investment in 1969 was most marked in Schedule C, primarily Western Europe, but Schedules A and B also were at higher levels. A substantially larger proportion of the investment in Schedule C, however, was financed with funds borrowed abroad.

The Foreign Direct Investment Program was established by Executive Order on Jan. 1, 1968, as one of several measures to reduce the United States balance of payments deficit.

United States direct investors are defined in the Foreign Direct Investment Regulations as corporations and individuals owning or acquiring a 10% or greater interest in a foreign business enterprise. Direct investment is defined as the sum of net transfers of capital from the United States plus reinvested earnings of foreign affiliates of direct investors.

Industry, government will work together at D.C. conferences

Meetings are on patent treaty, worldwide electrical standards

Government-business cooperation will be in evidence at two major international commercial-technical conferences in Washington this month.

At a May 25-June 19 diplomatic conference on a proposed International Patent Cooperation Treaty, a company patent counsel will be an alternate cochairman and other attorneys in private practice will act as advisers.

Meanwhile at the May 18-30 conference of the International Electrotechnical Commission, whose U.S. representatives come from the privately-sponsored American National Standards Institute, the Department of Commerce will arrange a series of technical visits for the 1,400 delegates from 41 nations.

At the patent meeting William F. Schuyler Jr., Commissioner of Patents in the U.S. Department of Commerce, will be cochairman of the U.S. delegation along with Eugene M. Braderman, Deputy Assistant Secretary of State for Commercial Affairs and Business Activities. Alternate cochairmen will be George R. Clark, General Patent Counsel for the Sunbeam Corp. of Chicago, and Harvey J. Winter, acting chief of the State Department's Business Practices Division.

Will study final draft

Final draft of a patent cooperation treaty designed to simplify obtaining patents in many nations of the world will be considered at the Washington conference, at which more than 140 countries are expected to be represented.

Senior advisers for the U.S. delegation will be James W. Brennan, an international patent specialist in the U.S. Patent Office, and Edward F. McKie Jr., patent attorney, Dirch, Swindler, McKie and Beckett, Washington.

Advisers are Donald W. Banner, General Patent Counsel, Borg-Warner Corp., Chicago; Robert B. Benson, General Patent Attorney, Allis-Chalmers Corp., Milwaukee; H. Dieter Hoinkes, International Patent Specialist, U.S. Patent Office; W. Brown Morton Jr., Patent Attorney, McLean, Morton and Boustead, Washington; Sylvia E. Nilsen, Deputy Assistant Legal Adviser, U.S. Department of State; and William A. Smith, III, International Patent Specialist, U.S. Patent Office.

At the 35th conference of the International Electrotechnical Commission the Communications-Electronics Division of Commerce Department's Business and Defense Services Administration has planned delegate visits to the facilities of the Communications Satellite Corp., Goddard Space Flight Center, the National Bureau of Standards, the Nuclear Power Plant at Peach Bottom, Pa., the Chevrolet Assembly Plant and Bethlehem Steel Corp., Baltimore, and Columbia City, Md.

In U.S. after 16 years

The first IEC conference to be held in the United States since 1954, the 1970 annual meeting at the Washington Hilton Hotel will be hosted by the U.S. National Committee. Dr. Carl C. Chambers, vice-president for engineering affairs at the University of Pennsylvania, is chairman of the organizing committee.

The principal task of the conference is formation of uniform standards on electrical and electronic products for all parts of the world, thus contributing to the elimination of troublesome trade barriers. This is done through more than 150 technical committees and subcommittees, 60 of which will meet during the Washington sessions.

Secretary Stans: Latin trip a success

Secretary of Commerce Maurice H. Stans has returned from a six-nation tour of Latin America and commented to a meeting of the Business Council that "I believe it can honestly be said that the trip was highly successful."

He told the group of corporate leaders at a Hot Springs, Va., conference that he was cordially received everywhere and that he is making detailed recommendations to President Nixon to strengthen mutual economic links.

In his brief summary, Secretary Stans emphasized the political progress and growing economic stability he observed. He went on to make four observations:

"First, each government we visited expressed a strong belief in private enterprise, but there are tendencies to limit the freedom of enterprise in some fields, and to favor more government ownership in others. These tendencies may become stronger if economic growth does not live up to expectations.

"Second, in their preoccupation with planning rapid growth these countries concentrate on the development of major enterprises, and none of them has yet developed a really significant or effective program for helping small business.

"Third, all of them consider export expansion to be essential to their own economic development, but none of them has done nearly enough to determine the kinds of products they can best provide for world markets.

"Fourth, each of them needs to develop a clearer concept of its long-range national goals, and what is needed in the way of economic activity and capital investments to meet those goals. In my judgment, about half of their capital needs for the next 25 years will have to be supplied by foreign sources, principally the United States—especially from the private sector."

A more detailed report by Secretary Stans on his Latin American visit will be published in a forthcoming issue of INTERNATIONAL COMMERCE.

Managing multi-national operations is subject of AMA course, June 1-5

The American Management Assn. has scheduled a week-long course to acquaint U.S. businessmen with the problems of managing multi-national operations.

"Advanced International Management —Operating Problems and Policies for International Business" will meet at AMA's New York headquarters from June 1-5, and will cover:

- Assessing foreign political affairs;
- Deciding what impact the new U.S. foreign investment regulations will have on business plans and operations abroad;
- Finding potential overseas partners —including foreign governments—that can provide the combination of capital, management know-how, and local market familiarity that a company needs for a successful joint venture;
- Obtaining the most favorable financing terms from host company capital markets and banks—and from international or third country sources; and
- Determining the optimum degree of parent company control over the operations of foreign subsidiaries.

Write: American Management Assn., Inc., AMA Bldg., 135 West 50th Street, New York, N.Y. 10020 (212-586-8100).

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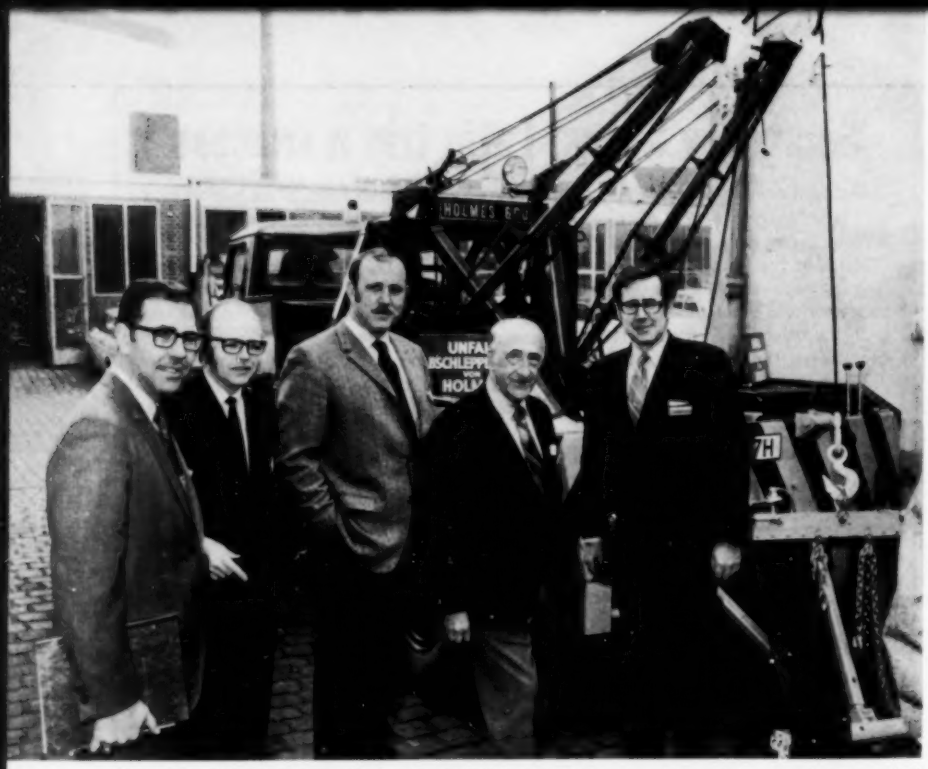

U.S. AUTO MAINTENANCE, SERVICING EQUIPMENT specialists comprising mission pose in Duesseldorf at wrecker display by participating New York firm. L. to r.: Lewis, Clarke, Ochs, Eichwald, Baldwin.

Trade mission finds good market for automotive maintenance, servicing equipment in Germany

Use of various labor-saving units surprisingly limited; vehicle registrations increasing, inspections mandatory

By WILLIAM CLARKE
Mission Director

The sign over the door, on the side street in Stuttgart, West Germany, read "Heinz Schmitt, Auto Specialist." We stepped inside and threaded our way past a 1963 Volkswagen, two 1964 Opels, a 1967 Audi, and two 1960 Mercedes, jammed with a dozen other cars into what was obviously a waiting area for client vehicles.

The open work area was also quite crammed, and I looked for the array of machines and diagnostic test instruments normally found in a U.S. repair shop. Perhaps they were tucked away in some recess not yet visible.

While Herr Schmitt explained the operation of his shop, I watched another workman prepare a complete engine for return to the main factory for exhaust valve regrinding. When it came time to ask questions, I said to the owner: "Why return that engine? Why not regrind the valves here? A little grinding would have made it like new."

Herr Schmitt replied: "Well, we have no valve grinding machines here. We simply return the engine. Perhaps we should have grinding facilities—and also some of that fine electronic test apparatus that you Americans use. We rely perhaps too much on replacement. And you have noticed that lineup of cars waiting to be repaired. We just do not have enough skilled men at work here. I suppose one of our ways of saving labor time is to decide immediately to return engines and worn parts, no matter what the expense."

The story just related, a composite of what our trade mission encountered, was heard frequently in Germany during our 16-day business tour.

To the casual observer, the U.S. Automotive Maintenance and Servicing Equipment Mission that visited Germany recently may have appeared to be "carrying coals to Newcastle." To the participating members, this specialized mission proved to be an effective means of penetrating and expanding sales in the German market.

The twin objectives of the Mission were to explore and evaluate the market potential for members' products and to appoint reliable regional distributors for these lines. Although members already had varying degrees of knowledge concerning methods of selling automotive maintenance and servicing equipment in Germany, they found that the commercial assistance provided by U.S. consular posts abroad substantially increased the effectiveness of their effort at a decrease in time. Exchanges of ideas and information between members further enhanced the return to each individual.

Members were unanimous in acclaiming the mission a success. Objectives were met and distributorships arranged. Sales leads were developed that otherwise would probably never have been uncovered. A significant variety of U.S. automotive maintenance and servicing equipment can be sold in Germany if care is taken in analyzing the market.

Big market

With a population close to 60 million and a passenger automobile registration of nearly 13 million, the German market for automotive maintenance equipment is among the largest in the world. A measure of its potential may be grasped by the presence of some 17,300 automobile repair shops, 1,100 auto electrical shops, 2,000 body repair facilities, and 14,000 filling stations.

The shortage of labor in Germany, steadily increasing automobile registrations, and mandatory vehicle inspections, combine to place a premium on labor-saving equipment of all kinds. As observed by members of the mission, the use of such equipment in some instances is surprisingly low—indicating that the market is far from saturated.

Use of the automobile in Germany is not expected to reach the U.S. level of one car for every two people. More so than in the United States, the demand

MISSION VISITING AUTO REPAIR SHOPS in Germany found that, with 13 million passenger car registrations, prospects are good for some imported equipment.

for new cars is limited by increasingly difficult traffic conditions and other factors. Currently, Germany is third in Europe with one car for every 4.6 inhabitants; the ratio in France is 3.8 and in the U.K., 4.4. One study by a major oil company indicates that by 1985 the ratio may reach 3.4 to 3.7. The market will likely change in other ways as well with the current ten-year average age per car dropping to seven years.

There are few national distributors of automotive maintenance equipment in Germany. Regional distribution points tend to center on Hamburg in the north, Duesseldorf and the nearby cities of the Ruhr, the Frankfurt area, Stuttgart, and for Bavaria, the city of Munich. The recent trade mission visited the latter four areas.

In some areas, such as highly significant North Rhine-Westphalia which includes Duesseldorf, the existing distributors have long since divided up the market, they work with each other, prices cannot be kept secret, and, as a result, little price competition exists. Mission members found some German distributors to be keenly aware of the latest U.S. management and marketing techniques, including computer control of inventory.

The mission, organized by the U.S. Department of Commerce, was comprised of four businessmen in addition to the Director. Participant W. H. Lewis, European regional manager of the Drake-America Corp., New York, says that his company —though it already has a distributor there for some of its auto parts—was interested in expanding sales of diagnostic and tune-up equipment in the competitive German automotive maintenance market. "I felt," he said, "that the trade mission approach would give us an opportunity for some fact finding and market analysis and enable me to make contact with potential regional distributors. It worked.

"I have always believed that superior products in the hands of well qualified and well trained local distributors is a combination that brings results all over the world. Participation in this mission has permitted me to quickly select additional first-class firms for regional German distributorships."

Lewis found that even though modern electronic diagnostic and test equipment is produced in Germany and other European countries, the use of such equipment in German automobile garages and workshops is surprisingly limited.

"I am told," he reported, "that only about 20% of the auto repair facilities in Germany are equipped with diagnostic and/or test equipment for automotive electrical systems. Admittedly, the equipment produced locally will capture a good portion of the untapped market, but there is room for imported equipment, especially when it has operational features and sophisticated solid-state circuitry that many competitors' machines do not have."

Multi-purpose units

H. Dieter Ochs, vice-president of International Kwik-Way, Cedar Rapids Engineering Co., Cedar Rapids, Iowa, observes that the market for automotive service and maintenance equipment in Germany differs considerably from the U.S. market. The use of such equipment in Germany is restricted because of the increasing popularity of the "exchange engine" made available by the auto manufacturers, he explains. Private German engine rebuilders are virtually nonexistent as they cannot compete with the original producer who makes the parts, utilizing mass-production techniques.

"Maintenance shops in automobile dealerships are poorly equipped by U.S. standards," Ochs reported, "because rather than grind the head, valves and seats, the dealer prefers to sell an exchange cylinder-head, reconditioned by the factory. For equipment that is being used—such as brake-service, engine-test, and front-end aligning equipment—a large potential market exists.

"Competition from European manufacturers is strong, with a product of acceptable quality and a considerably better

XUM

AT TRUCK, AUTO MAINTENANCE SHOP in Duesseldorf, Mercedes manager Willi Bornkessel (2nd from l.) and ass't (2nd from r.) explain operations to mission members (from l.) Clarke, Lewis, Eichwald, Ochs.

price than U.S. equipment. Especially Italian manufacturers have the advantage of lower production and transportation costs as well as duty-free import, because of the Common Market. U.S. products seem to have the advantage of better performance and in spite of the distance, better delivery time, at least at present," he concludes.

Auto chemical industry

Eric Eichwald is vice president of a firm—Arrow Laboratories, White Plains, N.Y.—that produces various cleaners for auto laundries. The firm also serves as a consultant to firms in the auto chemical industry. "Export opportunities are good for Arrow chemical machines and the products of our related companies," Eichwald reports, adding:

"There seems to be a tendency to select automotive chemicals from the United States. Our products enjoy a good reputation in Germany and they are readily available from the United States. The price is competitive and not too expensive. The Germans are eager for contracts and distributorships.

"Our company needs to establish a distributor for each district. We have automatic machinery—not available in Germany—for which prospects are good. Our suppliers and manufacturers of automotive chemicals and equipment are experts in auto maintenance and related services. Executives of 12 large business firms in Germany are interested in joint-venture arrangements with us."

Towing, recovery equipment

Donald H. Baldwin, president of the Ernest Holmes Export Corp., New York, reports that the German market holds excellent potential for modern design U.S. towing and recovery equipment. Germany ranks among the highest in the world, he claims, in the major factors determining wrecker potential, purchasing power, total vehicle population, vehicle density, and over-the-road freight movement.

Equipment now in use is a mixture of homemade tripod type units, both hand and power operated, and multi-purpose equipment such as hydraulic utility and construction cranes. There are virtually no modern-design, single-purpose, high-efficiency wreckers—nor is such equipment being manufactured in Germany, he says.

Substantial investment in presales preparatory work and sales effort will be necessary. German safety requirements must be met and customers convinced of the economic justification for using highly efficient, single-purpose equipment as opposed to more versatile but less efficient units.

"To comply with the rigid German safety requirements," Baldwin reports, "all operating instructions and manuals must be in the German language. Certificates of approval and compliance with regulations must be obtained from the manufacturer of the truck on which the wrecker is mounted, from the Government Inspection Station responsible for the safety of the combined unit, that is, wrecker and chassis, and from the Government Inspection Station responsible for the safety of the wrecker itself.

"U.S. equipment, with relatively minor alterations, can be made to comply with German safety regulations; however, the process of obtaining the necessary certifications is complex and time consuming, and requires presentation of detailed engineering design and test data.

"Catalog selling or a 'skimming the cream' approach will not be productive. Actual equipment must be demonstrated and the U.S. manufacturer must be prepared for many months of discouraging effort before benefits will begin to accrue."

Participation in the mission was rewarding for Holmes. Baldwin took along a complete operating unit, wrecker and truck, and held actual demonstrations for commercial operators, members of concerned municipal departments such as fire and police, and representatives of the several different government safety bureaus.

Of key importance, he points out, was the prestige of the Consulate in gaining immediate entree to higher ranking officials of such departments and bureaus: "We estimate that a year of liaison work would have been required to reach the point of holding a full discussion and complete demonstration with the chief of the fire department in a major city; through the Consulate this was accomplished in one day in Duesseldorf. The normal waiting time for safety inspection appointments is several months; the Consulate in Stuttgart arranged an appointment in 12 hours with one bureau and the Consulate in Frankfurt accomplished the same with a different safety bureau.

"We look forward to joining future specialized trade missions in our field. We consider them an excellent merchandising and market research tool."

Mission Director Clarke is Director of the Capital Goods Division of the Commerce Department's Office of Export Control in the Bureau of International Commerce.

World Bank group aids Indian, Taiwan, Pakistan projects

Bank loan, IDA credits valued at more than $120 million

The World Bank Group has approved loans totaling $120.5 million to aid development projects in three nations.

A World Bank loan of $44.5 million will assist the expansion of electric generating capacity and transmission lines in the Republic of China, while the Bank's affiliate, the International Development Association (IDA), has approved a credit of $75 million to India to finance imports of materials and spare parts which will enable key industries to expand their production of capital goods and agricultural chemicals. IDA has also approved a credit of $1 million to Pakistan for engineering and consulting services leading to the expansion of the port of Karachi.

Imported goods and services purchased with World Bank funds must be procured through international competitive bidding.

Demand for power in Taiwan rose at a rate of nearly 15% annually during 1963-68 and is expected to grow by about 13% a year through 1975. Taiwan Power Co. (TAIPOWER), the sole supplier of power in the Republic of China, has been expanding rapidly to keep pace with this rising demand and its large investments have prevented serious power shortages. The project being assisted by the Bank loan forms part of Taipower's development program for 1970-73, which will cost the equivalent of $740 million and calls for the addition of 1,900 megawatts of generating capacity and a large expansion of its transmission and distribution systems. The Bank project consists of the installation of 555 megawatts of new generating capacity at two plants: the Talin thermal plants (375 megawatts) and the lower Tachien hydroelectric plant (180 megawatts).

Also included is the construction of a second 345-kilovolt transmission line which will extend 205 miles from the northern to the southern end of the island.

The interest-free $75 million credit to India will provide part of the foreign exchange requirements for imports of materials, some components and spare parts for the following industrial sectors, which were selected because of their particularly high priority in India's economic development: commercial vehicles, agricultural tractors, automotive ancillaries, machine tools, cutting and small tools and abrasives, electric motors, and fertilizers and pesticides.

The port of Karachi is the only port serving West Pakistan, an area of over 300,000 square miles with a population of about 60 million. The $1 million IDA credit will finance engineering and consulting services that will provide the basis for construction of eight new berths and associated service facilities to reduce congestion at the port. A feasibility study of methods of handling crude oil traffic will also be undertaken, with a view to reducing costs of crude oil imports to West Pakistan. The Government of Pakistan will relend proceeds of the credit to the Trustees of the Port of Karachi.

Exim broadens leasing guarantees

The Eximbank has extended its payment guarantees for U.S. equipment leased outside the United States to cover 100% of the value of such new equipment, and 85% of the value of used equipment. The previous limits were 85% for new equipment, and 70% for used items. The new limits apply to both political and comprehensive risks.

Payments of claims on either new or used equipment will be reduced by the amount of payments received by the lessor and any sums recovered after the default. In no event will the amount of Eximbank coverage exceed the actual inflow of dollars into the United States during the entire term of the lease.

Political risk coverage includes the risks of war, hostilities, civil war, expropriation or confiscation by a government authority located in the country in which the equipment is to be primarily used, non-transferability of local currencies into dollars, and the inability not due to the fault of the lessor to re-export the equipment from that country upon conclusion or default under the lease;

Comprehensive risk coverage includes the political risks mentioned above and commercial risks of protracted default and insolvency of the lessee.

The fee for this guarantee will be ½ of 1% per annum, payable in advance.

Write: Terry M. Prudden, Export-Import Bank of the United States, 811 Vermont Ave. NW., Washington, D.C. 20571 (202 382-1673).

AMA will study foreign direct investment program

The regulations on foreign direct investment, as seen through both public officials' and private businessmen's eyes, will be reviewed at a May 25-27 briefing session of the American Management Association.

Richard Urfer, director of the Commerce Dept.'s Office of Foreign Direct Investments, as well as OFDI's Chief Counsel Richard Tavrow, will present the Government view. The private business community will be represented by Robert M. Hill, vice president of Morgan Guaranty Trust in New York, and Mark C. Feer, of Kuhn, Loeb & Co.

Spain adopts trade name of 'Spania' for exports

As part of its export promotion program, the Spanish Government has decided to use the trade name SPANIA on exported goods to identify them as being produced in Spain. The primary purpose is to increase the effectiveness of institutional advertising in the export sales of a wide range of Spanish products.

The trade name and symbol will be used primarily on the more important export categories such as citrus fruits, shoes and textiles but will not imply compliance with any production control or quality standards.

The regulation establishing the trade name (decree 866 published Apr. 7) further stipulates that the Ministry of Commerce will create the format and design of the trademark and also regulate the use of the trade name in accordance with export expansion policies.

Vienna set for jumbo jets

Through recent modernization of its facilities, the Vienna-Schwechat airport can now accommodate jumbo jets on its newly-extended runways, thus making the Vienna airport one of the few European airports that can handle such traffic. A new passenger terminal, scheduled for early completion will enable the Vienna airport to handle 4.5 million passengers annually.

XUM

Development Bank head says Latins are in remarkable economic rise

Herrera, in releasing annual report, says prospects for the 70's are promising, especially in industry; Mexico set growth pace

Felipe Herrera, President of the Inter-American Development Bank (IDB), reports that Latin America ended the decade of the 60's in a rising tide of "remarkable economic recovery" and that prospects for the 70's, especially in industry, are promising.

Herrera made the comment as the Bank published its annual survey of social and economic conditions in Latin America.

The Bank's President noted that Latin America's gross domestic product grew by 5.7% in 1968 and by 5.8% in 1969. This figure was substantially higher than the average yearly growth rate of 4.7% recorded during the 1961-67 period.

The Bank's 1969 survey, entitled *Socio-Economic Progress in Latin America*, contains an analysis of recent economic and social conditions in the region, first on an overall basis and then on a country-by-country basis, as well as a retrospective look at the Decade of the 60s.

Seven surpassed average

The report notes that during the past two years seven Latin American countries had an overall economic growth rate higher than the average for the 1961-67 period. Argentina, for example, grew at 5.8% in 1968 and 6.8% in 1969 and Brazil grew at 6.9% during both years. Other countries which grew substantially higher during the last two years of the decade than they did on the average in the previous seven years were Colombia, Venezuela, Costa Rica, Ecuador, and Trinidad and Tobago.

During the whole decade, Mexico managed to maintain the highest average yearly rate of economic growth of any Latin American country, approximating 6.8% per year. Guatemala's rate was also satisfactory, approximating 5%.

However, results in many countries including Chile, Panama, Paraguay, Bolivia, the Dominican Republic, El Salvador, Nicaragua and Peru were less satisfactory.

During the past decade, the industrial sector was, after the power and construction sectors, the most rapidly growing sector in the Latin American region. In the 1961-68 period manufacturing grew 5.4% a year for the region as a whole, while electric power grew by 8.7% and construction by 5.7%.

The report saw cause for optimism for the industrial sector in the future if present problems giving rise to high costs in several branches of industry are reduced or eliminated. It said: "It appears that Latin America at present possesses the potential and minimum base of the ingredients for becoming one of the areas with the most rapidly growing industrial sectors in the world during the decade of the 1970s."

Rely on same products

Nevertheless, the report points out, most Latin American countries continue to rely on the export of primary products —foods, natural fibers, ores and other raw materials—which averaged about 87% of total exports. By contrast, 73% of exports from developed countries are manufactured products.

Regarding the contribution of economic integration to intra-regional trade the report indicates that while total Latin American exports increased by about 40% between 1961 and 1968, the increase in intra-area trade, during the same period, reached 580% in the Central American Common Market and approximately 100% in the LAFTA region.

Substantial self help

The report said that, during the Decade of the 60s, Latin America made a substantial effort on behalf of its own economic development: "Despite a common impression that the developing countries of Latin America are unable to save a sufficient part of their income to obtain the investment capital needed for development, domestic savings of the region provided 93% of total investment from 1961 to 1968."

At the same time, the report notes that a problem of major concern is the fact that Latin America's external public debt, including undisbursed portions, rose from a level of $8.05 billion in 1961 to $16.38 billion in December of 1968; the service on the external debt rose from about $1,325 million in 1961 to $2,156 million in 1968.

Coontz named head of Frankfurt Center; begins duties in June

Gustaf Coontz has been named head of the U.S. Trade Center in Frankfurt. The Vienna-born executive will replace Mario R. De Capua who has been designated Commercial Attache at the American Embassy in Bern, Switzerland.

COONTZ

Since 1946 Coontz has been with the Coppus Engineering Corp., Worcester Mass., a steam turbine and industrial ventilator manufacturer; he served in the personnel and marketing departments and finally as the company treasurer.

Coontz was graduated from Clark University in Worcester with a degree in economics and was in the Army during World War II.

When Coontz begins his duties at Frankfurt in June, the Trade Center will be preparing for the Sept. 15-18 exhibition of air cargo handling equipment, an off-site promotion. The September show, a part of the Fifth International Air Cargo Forum, will be the 67th show in the Center's history. The Frankfurt showcase opened Nov. 14, 1962.

(For a report on the April exhibition of hi-fi and stereo equipment in Frankfurt see page 13.)

Chamber of Commerce head named to export council

Secretary of Commerce Maurice H. Stans has named F. Ritter Shumway of Rochester, N.Y., newly elected president of the Chamber of Commerce of the United States, to membership on the National Export Expansion Council.

Shumway, chairman and chief executive of Sybron Corp., Rochester, N.Y., is also director of the Security Trust Co., Xerox Corp., and the Lehman Corp. Before being named president of the U.S. Chamber of Commerce, he served as its vice president and was also chairman of its Council on Trends and Perspectives. He is a past president of the board of the Empire State Chamber of Commerce.

The 77-member Council advises the Secretary on matters of U.S. export promotion and expansion.

Finnish importer, firm lose right to U.S. exports

Commerce says trader acted for previously-barred firm

The Helsinki firm Me-Ra Oy and Jouko Satukangas, owner and managing director of the firm have been denied U.S. export privileges because of an unauthorized disposition of U.S.-origin strategic electrical generators.

According to the Commerce Dept., Satukangas ordered the goods for the firm from a U.S. supplier and, to obtain delivery, furnished an end-use statement required under U.S. law. The statement represented that the goods would be used in the Me-Ra factory and gave assurances that if there was any change of plans for use the U.S. supplier would be notified.

In reliance on these representations the Department's Office of Export Control issued an export license and the goods were exported from the United States. On their arrival in Helsinki, Satukangas turned them over to Ilmari Kokkonen, also of Helsinki, without notifying the U.S. supplier or the Office of Export Control. Kokkonen has been subject to an order denying participation in U.S. export transactions since 1965 for violations of the U.S. export laws.

Acted as intermediary

According to the Department's Bureau of International Commerce (BIC) the Me-Ra firm acted as an intermediary for Kokkonen and the firm's failure to notify the U.S. supplier or U.S. authorities of Kokkonen's participation in the transaction resulted in an unauthorized disposition of the goods.

Under the terms of the order all outstanding licenses in which Me-Ra or Satukangas have an interest have been cancelled, or they, their agents and employees are barred for a period of three years from participating in any transactions involving commodities or technical data exported or to be exported from the United States. However, after one year they may apply to have their export privileges restored.

The U.S. export regulations provide that without authorization from the Department of Commerce, no party may trade in commodities or technical data exported or to be exported from the United States with a party he knows has been restricted from dealing in U.S. exports.

India plans big expenditures on port expansion and ships

The Government of India has announced an extensive program for the development of port facilities during the Fourth Five-Year Plan (1969-1974). The outlay on port development will be approximately $370 million, of which $130 million will be contributed by the Port Trusts and $240 million by the Five-Year Plan.

Current undertakings to be completed during the Fourth Plan period include a dock system at Haldia and improvement in the port facilities at Mangalore. Additional plans call for the deepening of the Paradip Port, the installation of modern ore handling facilities at Mormugao and Madras harbors, the development of an outer harbor at Visakhapatnam for handling deep-draft ore carriers, and the construction of a satellite port for Bombay.

Between 1969 and 1974 the Government of India also envisages spending $54 million for shipbuilding, $21 million for expansion of the Hindustan Shipyard at Visakhapatnam and $33 million for construction of a new yard at Cochin. India's target for shipping by 1974 is 3.5 million gross tons, as opposed to a present Indian flag tonnage of about 2.5 million gross tons.

Indians using more U.S. feature films

But box office receipts for foreign films seem to have hit their peak

Imports of American feature films into India in 1969 totaled 132 compared to 103 in 1968 and 124 in 1967. U.S. films continue to be the most popular among foreign films in India, accounting for about two-thirds of all foreign film releases and about 80% of the receipts of all foreign films shown.

However, box office receipts at foreign films in India appear to have reached a saturation point because of the difficulties of getting additional theaters to screen foreign films. Out of a total of about 4,500 permanent theaters in India, only about 80 to 100 show foreign films exclusively.

A record number of 368 feature films were produced in India in 1969, compared with 333 in 1968 and 330 in 1967. Of the 1969 features produced, 62 were in color compared to 51 in 1968. Scheduled production in 1970 is estimated at about 5% higher than in 1969, but the proportion of color films probably will be much higher. Earnings from the export of Indian films amounted to about $4 million in 1968/69 (April-March) compared to $5 million in the previous yearly period.

Total box office receipts at Indian motion picture theaters in 1969 amounted to an estimated $155 million, up about 6% from the 1968 figure of $146 million. Indian films are estimated to account for about 90% of the box office receipts. New theaters continue to be built in India, with about 400 constructed in the past year. In addition there are some 2,400 touring type theaters.

Nigeria's new budget eases trade rules; import licenses to be more readily available

The recently announced 1970-71 budget of the Government of Nigeria contains a number of items of interest to U.S. businessmen. The budget measures reflect a policy of gradual liberalization and readjustment of trade restraints following the termination of hostilities within Nigeria.

In the interest of maintaining balance-of-payments equilibrium, exchange controls will be retained for the foreseeable future, as will various restrictive measures affecting non-essential consumer goods.

However, a number of trade liberalization provisions were enacted, including tariff reductions (amounts of reduction as yet unspecified) on materials and equipment connected with agriculture, road reconstruction and development, pharmaceuticals, iron and steel, cement, and industrial plant and machinery.

Further provisions

A number of items have been exempted from import licensing requirements, and licenses for a variety of other commodities which have been in chronic short supply will be more readily available. For instance, provision has been made for the importation this year of 16,000 motor vehicles for both private and governmental needs.

In addition, the import surtax, which is applied to all dutiable goods, has been reduced from 7½% to 5%.

Copies of the list of commodities exempted from import licensing requirements are available from the Africa Division, BIC-884, U.S. Department of Commerce, Washington, D.C. 20230.

XUM

Autumn U.S. Trade Center show aims at expanding British plastics industry

U.K. imported $190 million in plastics materials last year; growth rate of plastics in packaging at 20% per year, in construction at 15%

Plastics production in the United Kingdom is expected to double by 1980, and British machinery and equipment needs should jump 75% by 1975.

Assisting U.S. manufacturers in showing their products to prospective buyers and agents in this expanding market will be an exhibition of equipment and materials for the plastics industry at the U.S. Trade Center in London, Sept. 21-25, sponsored by the U.S. Department of Commerce.

Market research for the Department's Bureau of International Commerce, which will stage the exhibit, shows that the British plastics industry imported $25 million worth of machinery in 1969, while imports of plastics materials totaled $190 million.

Plastics packaging

The packaging industry should show the most dramatic growth in plastics consumption, the Commerce study shows. Use of plastics in this sector exceeded 300,000 tons in 1969, and is expected to pass the 650,000 ton mark by 1975. The annual growth rate for plastics packaging is estimated at 20%. In 1970, packaging is expected to consume 325,000 tons of plastics valued at $196 million.

The annual growth rate for plastics in construction is estimated at 15%. Plastics are used mainly in floor coverings, panels, roofing, and in all types of surface treatments. Some 300,000 tons of plastics were used by the building and construction industry in the United Kingdom during 1969.

The automotive industry also uses a large variety of plastics, and consumption, which now amounts to 70,000 tons, should reach 200,000 tons by 1980.

The market studies indicate that the following products have the highest sales potentials for American equipment in the United Kingdom:

► Auxiliary equipment and instrumentation: agitators, high-speed; automatic cutouts; bag manufacturing, high-speed; blowers, bulk solid handling; cartridge heaters; cleaning, ultrasonic; coaters, electrostatic; color concentrates; color measurement instruments; color mixture computers; conveyors; coolers; decorators; edging, high-speed; electronic testing; encapsulators; extrusion follow-up equipment; extrusion measurement controls; granules handling.

► Other products in demand are: hoppers; humidity controls; inspection equipment; metering control; mixers; photoelectric devices; power handling; predrying; preheating; pressure indicators; printing, engraved rollers; pyrometric instruments; routers, advanced; sealing, ultrasonic; sheet measurement controls; spray mask, automatic; stamp foils; takeoff and takeup equipment; thermoformers; thickness testers, ultrasonic; vacuum formers; welding, ultrasonic and automatic winding equipment.

► Resins, chemicals, and additives: polyethylene, polyesters, PVC, polyurethane, pigments, colorants, modifiers, brighteners, adhesives, antistatic agents, polystyrene, polypropylene, carbon fiber (filled), fluorocarbon, and nylons.

Market development

Commerce will launch a major market development campaign to attract buyers, trade leaders, and potential agents and distributors to the London exhibition.

Previous Commerce-sponsored shows of plastics equipment and materials have yielded impressive sales figures for exhibitors. At a November 1969 exhibition of equipment at the Frankfurt Trade Center, 34 U.S. firms made immediate sales of $650,000 and expect additional orders to total $5.2 million by November of this year. At the U.S. Pavilion at Europlastica, held March 1969 in Brussels, 34 U.S. exhibitors made $227,000 worth of floor sales and estimated additional sales of $1.8 million over the next 12 months.

U.S. manufacturers of equipment and materials for the plastics industry interested in the Commerce Department exhibition at the U.S. Trade Center in London, Sept. 21-25, may obtain further information from the U.S. Department of Commerce, BIC-942, Washington, D.C. 20230 (202-967-2802) or from any Commerce Field Office.

October deadline announced for 1971 Swedish show of modern boating equipment

An entrance deadline of Oct. 1 has been set for the Mar. 20-Apr. 4, 1971 Swedish International Boat Show at St. Erik's Hall in Stockholm.

Held annually since 1933, the show, which is open to manufacturers and their representatives, features boats, motors, marine instruments, fishing equipment, trailers, camping equipment and all accessories.

At the Mar. 4-15, 1970 exhibition, 73 American firms were among the 524 participants. The firms displayed equipment ranging from flares and boat numerals to pumps and marine hardware in addition to all types of boats, motors and instruments. Based on reactions by U.S. exhibitors in the March promotion, products with the most promise for American exporters include outboard motors, boating equipment and accessories, and marine instruments.

Fifteen countries exhibited a total of 542 boats ranging from metal motor and row boats to fiberglass sailing vessels. Fair officials estimated that 5% of the exhibition's 123,669 visitors were qualified buyers.

Further data on the 1971 Stockholm boat show is available from: Storangsvagen 18, Stockholm No., Sweden.

Private enterprise target of August show in London

An exhibition to sell goods and services and new development to private enterprise in Britain, Enterprise 70, is scheduled at the National Hall in Olympia, London, Aug. 17-22.

To date, over 500,000 tickets have been requested for this event which is organized by Planned Exhibitions Ltd.

Additional details are available from the organizers at 10 Carver St., Sheffield 1, Sheffield 21375.

Dates changed in Sydney

Dates for the second major promotion at the new U.S. Trade Center in Sydney, Australia have been changed from Nov. 2-6 to Nov. 9-13. The biochemical test and control equipment exhibition will be accompanied by a technical seminar. Marketing and participation details are available by calling 202-976-4056.

EIGHT TRACK CAR STEREO SYSTEMS were on display by Motorola Automotive Products, Inc. Above left, a Motorola official explains home and auto tape equipment to one of the trade visitors. On the right, the workings of a loudspeaker system displayed by Acoustic Research International is investigated.

U.S. sound systems sell in Germany; 36 agents under review

Tweeters and woofers and soundproof booths, four-channel sound systems and 19 American exhibitors teamed up for the recent Hi-fi and Stereo Equipment Exhibition at the U.S. Trade Center in Frankfurt.

Representing 26 firms, the participants in the Apr. 14-19 event wrote $433,142 in book orders and are projecting more than $1.7 million in first year sales. Thirty-six agency/distributorship candidates were under review and four contracts had been signed; 11 companies were seeking overseas representatives.

The Frankfurt event attracted 307 trade visitors, 2,357 hi-fi enthusiasts, and a panel discussion, "Modern Living With High-Fidelity," chaired by the vice-president of the German High-Fidelity Institute, drew more than 180 participants.

With $332,787 in floor sales of its hi-fi speakers and systems, ALTEC Lansing Division, LTV Ling Altec Inc., Anaheim, Calif., was one of the show's sales leaders.

Introducing its line of automobile stereo tape players to the German market was Hammond International, Lincolnwood, Ill. Twelve-month sales projections of $500,000 are reported and the firm is negotiating with six agents.

Royal Sound Co., Inc., Freeport, N.Y., introduced its equipment and that of five other U.S. manufacturers to the German market and predicts total first year orders to reach $325,000. Royal appointed an agent for its own line and is negotiating with 12 others on behalf of the other companies.

Entering Germany's hi-fi market for the first time, Bose Corp. of Natick, Mass., appointed an agent and turned over $1,000 worth of speakers to him. Bose officials anticipate an additional $250,000 in orders for the coming 12 months.

Other exhibitors at the Hi-fi and Stereo Equipment Exhibition were: Acoustic Research, Cambridge, Mass.; Automatic Radio International, Melrose, Mass.; Empire Scientific Corp., Garden City, N.Y.; Fisher Radio International, Long Island City, N.Y.; Harman-Kardon, Inc., Plainview, N.Y.; Interaudio, a Frankfurt firm representing several American firms; KLH, Research and Development Corp., Cambridge.

James B. Lansing Sound, Inc., Los Angeles; Motorola Automotive Products, Inc., Franklin Park, Ill.; H. H. Scott, Inc., Maynard, Mass.; Shure Brothers, Inc., Evanston, Ill.; Superex Electronics Corp., Yonkers, N.Y.; Voice of Music Corp., Benton Harbor, Mich.; High Fidelity Magazine, Great Barrington, Mass.

RECEIVER MODEL 450 T draws the attention of two visitors at the Frankfurt-U.S. Trade Center display of hi-fi and stereo equipment. Fisher Radio International's German representative is on the far right.

XUM

EXHIBITION BRIEFS WORLDWIDE

INTERNATIONAL SPORT ARTICLE FAIR. Munich. Mar. 8-10. This first annual fair featured both summer and winter sporting equipment, machinery and accessories; future fairs will be limited to winter items. A total of 834 exhibitors from 24 nations, including 15 from the U.S. took part in the show. The market for American equipment such as snow removal, lift and slope equipment is seen as good if quality products are priced competitively. Approximately 12,000 buyers registered for the show. Next show, Feb. 13-16, 1971.

PARIS TEXTILE WEEK. Paris. Feb. 7-10. Composed of four international exhibitions, the 5th Knitwear, 6th Women's Lingerie, and 4th Lace, Embroidery and Fabrics for Foundation Garments Exhibitions, and the 10th Children's Fashion Week drew 36,193 visitors from 20 foreign nations, an increase of 20% over the 1969 Week. More than 115 U.S. buyers visited Textile Week. Exhibitors reported a trend away from mini lengths. Next show, 1971.

ELECTREX '70. London. Apr. 8-15. The biennial exhibition was staged in conjunction with the British Electrical and Allied Manufacturers' Association Conference. Eighty of the 486 fair booths were manned by exhibitors from abroad; eight U.S. firms were represented and displays included automatic production, wire cutting and stapling, fusing and winding machines. Next show, 1972.

INTERNATIONAL NAUTICAL SHOW. Barcelona. Feb. 6-15. Twenty-five U.S. firms were among the 218 exhibitors from eight nations at this annual fair of nautical equipment and related sporting goods. Approximately 10% of the 180,230 visitors were qualified buyers. Attendance was down more than 40,000 from the previous year's fair, while the number of exhibitors had dropped by 130. Next show, February 1971.

INTERNATIONAL FASHION FAIR. Cologne. Feb. 27-Mar. 1. Six American companies were among the 263 firms exhibiting or represented at the first edition of a trade fair for men's leisure wear. Participants came from 16 nations, while the 2,286 trade visitors were drawn from 32 countries. Trends toward the partner look, colorful accessories, and a 4-5% price increase were noted. U.S. exhibitors booked orders in at least eight European countries. Dates for the next show are not available.

International boating show in Germany open to U.S. equipment manufacturers

Three additional exhibit halls may be used for the 11th International German Boat Show in Hamburg's Platen un Blomen, Jan. 22-30, 1971. This exhibition of boats and related equipment and accessories is open to American makers and suppliers.

A ten day attendance record was set at the Jan. 23-Feb. 1, 1970 boat show when 162,000 visitors from 42 countries viewed the 510 exhibitors' booths. From 24 nations, the participants displayed over 900 boats.

Final fair results indicate that demand for boats in the $1,400-$2,200 range was greatest, while sales of higher priced craft doubled over the previous year. In general, a sales increase of 30% more than 1969 was recorded.

Trends reported by exhibitors were toward more extensive use of plastic materials. Inboard motors with "Z" drive were popular for medium sized boats; house boats, hydraulic operated trailers and do-it-yourself boat kits also drew attention.

For further information **write:** Platen un Blomen Ausstellungspark der Freien und Hansestadt Hamburg, GmbH & Co., Am Dammtor, 2 Hamburg 36, or the American representative, the German-American Chamber of Commerce, 666 Fifth Ave., New York, N.Y.

World retailers plan annual meeting in Dublin next month

The Second Annual World Meeting of Retailers will occur in Dublin June 1-4 at the Intercontinental Hotel, Ballsbridge.

The program will bring together world retailers to discuss the following subjects: retail trends, management development and communications, budget forecasting, the role of the computer, quality control and planning for the growth and survival of the smaller stores.

The National Retail Merchants Association of America, which has a world wide membership and is headquartered in New York, is organizing the event.

Moscow to host exhibition for geological prospecting

Moscow is the site of the Modern Geological Prospecting Equipment and Instruments Exhibition, Oct. 26-Nov. 4.

Equipment in the following categories will be displayed: seismic, electrical and magnetic prospecting; gravity measurements; tools for well logging, shooting and perforation; nuclear measurement; photogrammeric instruments including field identifiers, calculators and measurers; laboratory instruments; drilling and mining machinery.

American firms interested in this promotion should contact: USSR Chamber of Commerce, Department of Foreign Exhibitions, 6 Kuibyshev St., Moscow K-3.

Oil and gas heating fair, conferences in Stuttgart scheduled for early 1971

One of Europe's largest annual specialized trade fair for oil and gas heating equipment and accessories, INTHERM '71, will be staged at the Killesberg Fairgrounds in Stuttgart, Federal Republic of Germany, Mar. 3-7, 1971.

The exhibition, accompanied by conferences and meetings, features burners, safety devices, fittings and tubing, boilers, generators, pumps, controls, tanks and containers, and instruments.

At INTHERM '70, Apr. 8-12, seven U.S. firms and several American subsidiaries were among the 465 exhibitors from 12 nations, 50 more participants than in 1969. Approximately 61,000 trade representatives from 33 nations attended the promotion.

Centers of interest included booths displaying air heaters, gas and oil burners, pumps, boilers, and steam generators. Good floor and post show business is also anticipated by manufacturers of measuring instruments and controls.

The application deadline for INtherm '71 has been set at Oct. 30. For additional information contact the fair organizer: Stuttgarter Ausstellungs-GmbH, 7000 Stuttgart 1, Am Kochenhof 16, or the North American representative: Rudi Haussmann, 13-Willowdale Ave., Suite 3, Toronto-Willowdale, Ontario, Canada.

Entrance date for 1971 Lyon general fair announced

A Nov. 1 deadline has been set for entering the Mar. 27-Apr. 5, 1971 International Lyon Trade Fair at Lyon, France.

This general annual fair, open to foreign and French manufacturers and suppliers of equipment ranging from agricultural and camping supplies to air conditioners and garden furniture, attracted 2,654 exhibitors at the March 1970 show. Twenty-four nations were represented, including the U.S. with 22 companies.

Write: Foire Internationale de Lyon. Quai Achille Lignon, 69 Lyon, France.

How U.S., other agencies help finance world trade

Commerce specialist outlines roles of various sources of financing for exports

By ALLEN E. CLAPP
International Finance Division, BIC

The U.S. exporter has many American and international organizations helping to finance his overseas sales.

Two U.S. Government agencies and a number of international institutions make long-term loans eign imports of which finance for- American goods and services. They provide several billion dollars per year to government and private entities, primarily in the less-developed countries of the world.

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One of the U.S. agencies, the Export-Import Bank of the United States (Eximbank), makes a large volume of loans to developed countries as well.

As the principal agency of the U.S. Government concerned with export financing, Eximbank makes relatively hard loans, with conventional maturities and interest rates, to borrowers located overseas for imports of U.S. goods and services. In addition to its lending activities, Eximbank administers several other programs—including its export credit guarantee program—and cooperates with the private Foreign Credit Insurance Association (FCIA) to offer export credit insurance (see INTERNATIONAL COMMERCE, Nov. 24, 1969 and Apr. 27, 1970). Its additional activities are discussed later in this article.

The other U.S. lending unit is the Agency for International Development, which makes soft loans with long maturities and low interest rates to less-developed countries.

The international development lending organizations include the three lending institutions which constitute the World Bank Group. The members are:

The International Bank for Reconstruction and Development (IBRD), or World Bank, which makes loans on conventional terms to foreign countries to finance infrastructure projects and other development activities;

The International Development Association (IDA), which makes development loans on soft terms to less-developed countries that are unable to afford the IBRD's hard repayment requirements;

The International Finance Corporation (IFC), which encourages private enterprise in developing countries by providing debt and equity financing to new or expanding concerns.

Each of these organizations has 90 or more member countries and operates throughout the less-developed world.

During the last decade several new international development banks have been organized which supplement the activities of the World Bank Group by operating on a regional basis. The two largest of these institutions, the Inter-American Development Bank and the Asian Development Bank, will be discussed at length in this article. The rest will be dealt with briefly in a section at the end.

The Inter-American and Asian development banks are similar in many respects: both focus upon lending activities for the benefit of a particular geographical group of countries; both promote the economic integration of their respective regions; both draw their membership from countries within their respective regions and from industrialized countries outside; and both make hard and soft loans to less-developed member countries for the purchase of foreign goods and services.

Private type develops

In the private sector, another type of international lending institution has developed in just the past six years. The first of these to be established was ADELA, which is essentially a multinational investment and investment banking firm which operates solely in the Latin American region. Its primary objective is to promote the economic development of Latin America by making profitable investments in private enterprise activities in the region.

Other organizations similar to ADELA have been formed by private interests for Asia and Africa. Their development will be outlined below.

U.S. exporters of capital equipment and other basic goods and services should be aware of the activities of these organizations. Each year they channel an increasing amount of funds to borrowers in the less-developed countries. These loans provide U.S. dollars or other convertible currencies for specific development projects (dams and irrigation systems, electric power facilities, highway construction, cement and fertilizer plants, and similar projects) involving imports of equipment and services.

The following sections of this article focus on the lending activities of each of the institutions described above. Although in most cases the most recent period covered is fiscal year 1969, the discussion provided will probably serve as a general guide to their future lending policies. These organizations occasionally alter various aspects of their operations, but, for the most part, their policies are not normally subject to frequent change.

Far-reaching effects

Several recent developments may have some far-reaching effects on the international financial scene, however. For example, several of the international development banks are considering plans to augment their paid-in or callable capital resources. In either case higher levels of lending than those reached in recent years are likely to result.

Also, the World Bank Group may institute some policy changes as a result of its study of the recommendations of the Pearson Commission. The Commission was formed at the suggestion of the World Bank to study and make recommendations concerning international economic assistance to the less-developed countries. Many of the proposals contained in the Commission's report, *Partners in Development*, directly concern the policies and operations of the World Bank and its constituent units. These are now being considered by the Bank's staff.

Furthermore, the United States will be considering new directions in its foreign economic assistance program—placing greater emphasis on multilateral development institutions and replacing AID with a new set of institutions. The possible new

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directions for the U.S. foreign aid program are indicated in two major statements—the President's report to Congress on the foreign policy of the United States and the Report of the Presidential Task Force on International Development, chaired by Rudolph A. Peterson.

Greater emphasis on multilateral institutions is advocated in both reports. President Nixon has already taken preliminary steps to this end by proposing a new U.S. contribution to the Special Funds of the Asian Development Bank. Further, he has indicated his intention to "respond positively" to proposals for increasing the funds of the IDA and the IDB.

The President has also stated that the report of the Peterson Task Force will serve as the basis for legislative proposals for reorganization of the U.S. economic assistance program.

These changes, and others which may emerge in the near future, represent substantial modifications in the field of international economic assistance. The proposed increases in the total supply of resources available for lending by the international development banks is of particular importance to U.S. businessmen. More development loans will result in additional prospects for overseas sales. The sales opportunities created by the lending programs of the institutions treated in this article, to an even greater degree than in the past, will constitute potential business which American producers should not ignore.

Eximbank

The Export-Import Bank of the United States (Eximbank) is the principal U.S. Government agency responsible for financing exports of American goods and services. Historically, long-term direct loans have been the Bank's principal concern, but in recent years it has placed increasing emphasis on export credit guarantees and insurance. Discount loans to commercial banks, to assist them in financing exports, are also an important function of the Bank.

Eximbank makes long-term loans directly to public and private borrowers abroad (including U.S. firms and their foreign affiliates) for the purchase of American goods and services for use outside the United States. Eximbank's authorizing legislation requires that in each case there be "reasonable assurance" (or, in some cases, "sufficient likelihood") of repayment and that the Bank supplement rather than compete with private capital.

In fiscal 1969 Eximbank authorized long-term loans and commodity credits valued at $1.06 billion. Loans for purchase of military items by developed countries represented $225 million of this sum, however, so the actual authorizations for commercial purposes reached $835 million. This represents a decline from fiscal 1968, when Eximbank lending for commercial purposes was $970 million.

By statute Eximbank is limited to a maximum cumulative commitment at any time of $13.5 billion in loans, guarantees, and insurance, with guarantees and insurance limited to a total of $3.5 billion to be charged against the overall ceiling at a rate of 25% of the contractual liability assumed. In addition, permissible authorization levels within the overall figure are set each year.

Seeks private participation

Eximbank does not normally finance total U.S. costs. Rather, it seeks some cash payment by the foreign buyer and exporter participation in the financing wherever appropriate. Moreover, continuing Government-wide budgetary restraints, plus Eximbank's statutory requirement to supplement and encourage private sources of capital, have led Eximbank to ask each loan applicant to find private financing to mix with Eximbank funds.

The usual pattern is for a private bank to split the maturities of a transaction with Eximbank. Typically, the private bank takes the early maturities while Eximbank takes the later ones. In some cases, Eximbank may guarantee the private bank's portion of the loan.

Mixing funds in this manner increases cooperation between Eximbank and private institutions; produces a competitive "effective interest rate" to the borrower, while stretching out Eximbank resources; broadens the sources of funds available for export financing; and assures sales that might have been lost without the input of low-cost Eximbank funds.

In fiscal 1969 Eximbank extended more than 100 loans to buyers in more than 45 countries. One of the largest was a $70 million credit to the Mining Finance Corp. of Guatemala covering exports of U.S. equipment and services for a nickel mine; another was a $68.8 million loan to the Tokyo Electric Power Co. for the purchase of a nuclear power plant. Representative of the smaller loans was a $1 million credit to the Bangkok Bank of Thailand for relending to private firms in agriculture and industry. A number of loans worth less than $1 million were also made.

In recent years Eximbank's lending has been particularly heavy in the United Kingdom, Italy, Spain, Mexico, Chile, Japan, and Australia.

The bulk of Eximbank direct financing for commercial exports has benefited sales of "big ticket" items and raw cotton. Prominent among the larger sales have been exports of aircraft, electric power plant equipment (with increasing emphasis on nuclear power apparatus), and iron and steel facilities. Smaller loans have commonly been extended for a wider range of products, including telecommunications equipment, sewerage and water supply systems, dam construction equipment, paper and cement plants, and hotel equipment.

Special Eximbank programs

To reach smaller foreign firms which would not normally be in contact with representatives of American producers, Eximbank has strengthened its relending program. Under this program, the Bank provides funds to financial institutions outside the U.S., including overseas branches and offices of U.S. banks and other enterprises; they, in turn, lend these funds to small- and medium-sized local enterprises for the purchase of U.S. goods. In many cases, Eximbank is coordinating its relending activities with the Department of Commerce to provide financial support to U.S. producers exhibiting their goods at key trade exhibitions abroad.

A recent innovation enables the Bank to assist exporters in providing local-cost financing to support sales of their goods and services. The Bank guarantees portions of loans for local costs made by eligible financial institutions to buyers outside the United States. An upper limit of 15% of the value of the U.S. goods and services involved has been placed on the amount of such financing Eximbank will guarantee in a particular transaction. Emphasis is being placed not only on transactions in which Eximbank participates, but also on non-U.S. lenders as recipients of guarantees for this purpose.

When bidding on a foreign contract, U.S. suppliers are often required to include either a plan or firm assurance for financing. To aid American firms subject to such a requirement, Eximbank has established procedures under which it gives a "Preliminary Commitment" to make a loan to a potential customer.

A preliminary commitment carries an expiration date and contains a statement of the conditions under which the Bank would provide a guarantee and/or a loan. Preliminary commitments involve no fee or charge for the applicant but, because they specify the financial assistance available from Eximbank, such commitments aid him in conducting his project planning and negotiations.

Financing assistance for engineering

planning and feasibility studies for projects is now offered by the Bank. Such assistance is available when it can be demonstrated that a study may lead to a major project involving use of U.S. technology and that significant sales of U.S. goods and services can reasonably be expected to result. Also, the project must have the endorsement and sponsorship of the host country government or a responsible private client. Eximbank assistance under this program may take the form of direct credits, guarantees, insurance, or a combination of these elements to assist the contractor or his client.

In fiscal 1968 the Export Expansion Facility was created. Under this new legislative authority, Eximbank can accept applications for loans, guarantees and export credit insurance policies that involve a somewhat higher degree of risk than would otherwise be acceptable. Congress set aside up to $500 million of the Bank's $13.5 billion lending authority for the program; during its first 11 months of operation the Facility was used to support $143 million worth of exports, $53 million of which were through direct loans.

Under its discount loan program, Eximbank extends credits to commercial banks with amounts and terms related to their newly-created export paper. This ensures liquidity and may enable banks to offer credits at more favorable interest rates. Moreover, Eximbank offers without charge advance commitments for such discounting, so that commercial banks may be assured of obtaining liquid resources at a predetermined rate on the basis of credit they propose to extend to their exporting customers.

From the inception of the discount loan program in September 1966 to the end of fiscal 1969, loans worth $460 million were authorized, including $185 million in fiscal 1969.

A new counseling service is now being offered to exporters, banks, and financial institutions which have encountered financing problems in transactions involving exports of U.S. goods and services. Exporters are eligible for such assistance after they have made efforts to obtain credit from their normal sources; banks and other financial institutions are being asked to contact Eximbank before declining an applicant for export credit. In either case Eximbank may be able to assist a bank or exporter by making available the varied financing services and resources it now offers.

More complete descriptions of these new and revised Eximbank programs are contained in a kit of materials which is available from the Bank upon request.

To finance its lending activities Eximbank relies on seven sources of funds: net sales of debentures, short-term discount notes, and participation certificates; borrowing from U.S. Treasury debt receipts; a capital subscription of $1 billion from Treasury debt receipts; interest earnings and repayments of principal on loans outstanding; and sales of individual loan maturities. Funds derived from these sources totaled about $3.3 billion in fiscal 1969.

AID

The Agency for International Development (AID) administers the U.S. foreign economic assistance program. AID came into existence in 1961, as an agency of the U.S. Department of State. It combines the functions of two predecessors, the International Cooperation Administration and the Development Loan Fund.

About one-half of the assistance that AID provides to foreign countries is in the form of development loans. The remainder is primarily in the form of supporting assistance grants and loans and technical assistance.

In addition to these activities AID has a major responsibility for the administration of programs under Public Law 480, under which U.S. surplus agricultural commodities are sold abroad for local currencies. With a share of the proceeds from these sales, AID offers loans for business development to U.S. firms and their affiliates.

Also, AID has a program of investment guarantees and insurance to cover U.S. investors in less-developed countries against such risks as war, expropriation, and inconvertibility of profits. However, this function will soon be assumed by the new Overseas Private Investment Corp. (OPIC), created by the Foreign Assistance Act of 1969. Besides guarantees and insurance, OPIC will offer pre-investment assistance and promotion, direct loans, and several other services. Its establishment is expected in July.

During fiscal 1969, AID authorized 60 development loans to 26 countries for a total of $705 million. This compares with $1.02 billion in 1968 and $1.11 billion in 1967.

The Agency's lending will be reduced again during the current fiscal year since appropriations for development loans have declined to $555 million.

AID's development loans are of three types—project loans, program loans and sector loans. Project loans finance specific undertakings such as dams, roads or fertilizer plants. They contribute to the economic infrastructure necessary for development.

In fiscal 1969 AID made 46 project loans which accounted for about $200 million of its development loan assistance. The largest was a $30 million loan to the Central American Bank for Economic Integration for use in its concessionary lending program; the next largest was a $12.9 million loan to Guyana for improvement of rice production; and one of the smallest was for $300,000 to the Malagasy Republic for improvement of railway facilities.

Program loans finance exports of U.S.

RENEWED EMPHASIS on agricultural development by the World Bank and other international lending institutions is expanding markets for farm machinery, such as this equipment at work in Central America.

goods such as fertilizers, capital goods, raw materials, and spare parts needed for industrial and agricultural development. They are made in connection with self-help conditions that affect a recipient's overall economy, such as fiscal and monetary reforms and import liberalization measures.

Ten program loans totaled $465 million in fiscal 1969, representing two-thirds of total development loan activity. India, Pakistan, Indonesia, Turkey and Colombia received $429 million, equal to 92% of total program loan funds authorized during that period.

The sector loan is a new type. It is designed to spur the development of a particular sector of a country's economy, such as agriculture or education. Like program loans, these loans finance categories of imports rather than goods required for specific projects. Self-help measures are generally limited in focus to the particular sector for which the loan is made.

Four sector loans were authorized in fiscal 1969. They totaled $40 million—$30 million for the agricultural sectors of Morocco, Colombia, and Chile and $10 million for the educational sector in Colombia.

AID development loans are generally extended at the request of foreign governments or their agencies. In some cases, however, they are made to private enterprises in foreign countries. In addition the Agency makes loans to development banks, a function discussed more fully below.

Concentrates support

In recent years AID has been narrowing the geographical scope of its programs to concentrate on the development of a few key countries throughout the world. The countries chosen are those which have shown that they are making the sacrifices necessary for development to succeed, and using aid from others as well as their own resources effectively.

The number of countries receiving some form of AID assistance in fiscal 1969 totaled 68—down from 76 in fiscal 1967. Of the 68, however, 33 were African countries (which receive substantial aid from donors such as France and the United Kingdom) eligible only for small amounts of funds. Major emphasis was placed on aid to 11 countries which received 61% of all AID assistance. Development lending was concentrated even further, with eight countries—Chile, Colombia, Guyana, India, Indonesia, Korea, Pakistan, and Turkey—receiving 77% of such funds.

AID has overseas missions in many developing countries which assist their governments in deciding the priorities for use of AID financing. Fields which AID has emphasized in its project loan program are industry and mining, health and sanitation, power production, food and agriculture, transportation, and education.

In the future, AID will place relatively greater stress on the development of agriculture in recipient countries. Through development lending it will provide the means for purchasing the ingredients required for agricultural modernization—new wheat and rice "miracle seeds," fertilizer, credit for farmers, irrigation, marketing and storage facilities, and agricultural education facilities. The Agency will rely on American agribusiness enterprises to assist development in this area. Population and family planning programs will also be given increased emphasis.

For those loans that AID makes to private borrowers, a two-step repayment procedure is used. Under this procedure, the borrower repays the loan to its government on conventional terms involving, for example, maturities of 10 to 20 years and interest rates of 5½ to 8%. The foreign government then repays AID in dollars on concessionary terms. AID's maximum terms for development loans are 40 years including 10 years grace with 2% interest during the grace period and 3% thereafter. This two-step method is used with loans to revenue-producing public entities as well.

Many commodities involved

A wide range of commodities is exported each year under AID financing. Total procurement from the United States was $1 billion in fiscal 1969. The largest categories of commodities procured in terms of the amounts spent on goods were: miscellaneous machinery—$143 million; chemicals—$140 million; iron and steel mill products—$130 million; fertilizer—$96 million; motor vehicles—$79 million; electrical machinery—$66 million; nonferrous metals—$54 million; petroleum and products—$47 million; pulp and paper—$39 million; and agricultural equipment and tractors—$35 million.

Most loans are linked with some form of technical assistance designed to impart the skills and knowledge necessary for economic development. In fiscal 1969 AID committed $271 million for technical assistance and related material support.

Supporting assistance funds are used to provide economic aid directed primarily toward immediate political and security objectives in recipient countries. In fiscal 1969 grant and loan commitments under this program amounted to $464 million, most of which was in the form of grants. This represents a drop from 1968 when supporting assistance funds totaled $595 million. In both years about two-thirds of these funds went to South Vietnam and most of the remainder to Laos and Thailand.

As was indicated in the introduction to this article, the above description of AID's activities may soon be outdated. The Peterson Commission has recommended a restructuring of the U.S. foreign economic assistance program. The Commission proposed that AID be replaced by an organizational framework consisting of a U.S. International Development Bank to make development loans; a U.S. International Development Institute to concentrate on family planning programs, research to discover new technologies for the developing countries, technical training, and support of social development; and the newly-authorized Overseas Private Investment Corp.

President Nixon has indicated that the report of the task force will provide the basis for legislative proposals he will make to Congress next January.

World Bank Group

The World Bank Group is composed of three major lending organizations: the International Bank for Reconstruction and Development (IBRD), the International Development Assn. (IDA), and the International Finance Corp. (IFC); and one non-financial institution—the International Center for Settlement of Industrial Disputes. This article will focus on the activities of the three lending organizations.

Although financially and functionally distinct, the three institutions are integrated in a variety of respects, and all serve the general objective of promoting economic development. All are governed by boards of governors which have, with a few variations, the same members; they are supervised by one group of Executive Directors; all have the same President, who directs the activities of each organization and chairs the meetings of the Executive Directors; and the three share the same buildings in Washington, D.C.

The IBRD and the IDA are more closely related—differing chiefly with respect to the sources of their funds and their lending terms. The two share the same staff and use similar criteria for assessing proposed projects for their loans. The IFC has a separate staff which cooperates closely with the Bank/IDA personnel and which performs several functions for the Group as a whole.

The members of the World Bank Group have served their common goal of promoting economic development by financing projects in a wide range of areas. In the future, the Bank's institutions will also be placing new emphasis on educa-

tional advance and agricultural development.

In the fiscal year beginning June 30, 1969 the World Bank Group made new loans, credits, and investments totaling $1.88 billion, a substantial increase over its total commitments of about $1 billion in the previous fiscal year. Since 1946 the members of the Group have made gross commitments worth a grand total of more than $15 billion.

IBRD

The largest of the three member institutions of the World Bank Group is the International Bank for Reconstruction and Development (IBRD). It makes loans on conventional terms to finance high-priority projects in less-developed member countries.

Recent years have witnessed a sharp increase in the Bank's lending activities. In fiscal 1969 the IBRD made a record 84 loans worth a total of about $1.4 billion, compared with 44 loans worth a total of $847 million in fiscal 1968. Since its establishment in 1946 the Bank has made net loans totaling $12.6 billion. Plans call for further increases in its loan activity.

Most of the IBRD's past loans have been for development of economic infrastructure such as electrical power production and transportation, agriculture, and industry in developing countries. In the future agricultural projects will receive additional emphasis, as well as those in the area of education.

Of the 84 loans the Bank made in fiscal 1969, the largest was $82 million for an electric power project in Argentina, and the smallest was a $2 million credit to Trinidad and Tobago, also for development of electric power facilities.

Approximately one-third of the total funds the Bank has loaned throughout its history have gone to Asia, 29% to Latin America, 19% to European countries, 14% to Africa, and 4% to Australasia. This general distribution was also reflected in the Bank's lending in fiscal 1969.

The Bank's principal source of funds has been sales of bond issues on world capital markets. In fiscal 1969 the Bank sold bonds and notes worth about $1.2 billion—an increase of 55% over the $735 million record high set in the previous fiscal year. Four-fifths of this total was raised outside the United States. Since it began operations the Bank has derived 38% of its resources by this means; other important sources of funds are loan sales (20%), capital subscriptions (17%), repayments on loans (16%), and retained income (9%).

IDA

The International Development Association was created in 1960 to provide development credits to countries which are not in a position to assume IBRD loans on conventional terms. Consequently, the Association largely supplements the Bank's activities, although in some cases IBRD and IDA credits may be blended.

In fiscal 1969 the IDA made 38 credits totaling $385 million, compared with 18 credits worth $107 million in fiscal 1968, bringing total credits made by the Association since its creation in 1960 to about $2.2 billion. The largest 1969 credit was a $125 million credit to India for industrial imports; the smallest was $800,000 for development of telecommunications in Upper Volta.

The low commitment levels in FY1968 and the first half of FY1969 were due to a delay in approval of the $1.2 billion second general replenishment of IDA funds. Since it relies on industrial members' subscriptions for the bulk of its resources (it raises no funds on world capital markets), the IDA was forced to severely limit new credit commitments through the first half of fiscal 1969. Thus, commitments authorized during that period totaled less than $50 million.

During the second half of the year, however, a number of member countries made a total of $250 million in advance contributions toward the second replenishment. With these funds and other resources which became available, the Association was able to greatly increase its lending activity.

In July 1969 the United States gave formal notice of its acceptance of the second replenishment. This fulfilled the minimum requirements to make the replenishment effective, giving the IDA $950 million to support its activities over the following three years. Discussions on a third replenishment, expected to take effect in 1971, are now being conducted by potential contributors.

Distribution of loans

An aggregate of about two-thirds of the IDA's lending has been directed to Asia—India being the heaviest borrower, followed by Pakistan. In fiscal 1969 their shares were reduced somewhat: India received about 40% of the $385 million in IDA funds and Pakistan 13%, while the rest of Asia got about 21%, Africa 20%, and Europe and Latin America about 3% apiece.

This distribution has arisen through the application of a few general criteria used in the evaluation of credit proposals. The criteria mainly relate to the recipient country's credit worthiness, economic performance, projects offering promising investment opportunities, and relative stage of economic development.

Of the $2.2 billion in credits the IDA has extended over its history, about $670 million was in support of the development of transportation facilities, primarily roads and railways; nearly $400 million to agricultural development, half of which financed irrigation and flood control projects; and $580 million for non-project loans, largely to finance industrial imports. Other sectors receiving substantial amounts of assistance have been education, electric power, and telecommunications.

IFC

The International Finance Corporation (IFC) was established in 1956 to further economic development in developing countries by encouraging the growth of productive private enterprise.

In pursuit of this over-all objective the IFC makes loan and equity capital available to private enterprises in member countries. It supports the growth of new industrial ventures, preferably those partially sponsored by partners from industrialized countries, or the expansion of existing enterprises. In accordance with its mission to aid private enterprise, IFC does not invest in organizations which are government-owned or operated; nor does it require or accept government guarantees of repayment on its loans.

Although the Corporation's cumulative financing activities have been moderate in size, recent years have witnessed a rapid growth in the amounts it has committed annually. Since 1956 the IFC's gross commitments (authorizations of loans and equity investments) have totaled $364.7 million. However, over 50% of these funds were committed in the past three years, and the $92.9 million in commitments made during fiscal 1969 accounts for about 25% of the funds committed over the life span of the organization.

This expanded activity was made possible by an increase in the resources available to the Corporation. Previously, the IFC's sources of funds were limited to capital subscriptions, net earnings, and sales of assets. In 1965 it was authorized to borrow up to about $400 million from the IBRD; an initial $100 million line of credit was opened the following year. All of those funds have been committed since then, and in December 1969 the Bank agreed to lend an additional $100 million to the Corporation.

Individual 1969 commitments made by

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the IFC in 1969 totaled 27, ranging in size between a $22 million combined loan and equity investment for a building materials complex in Thailand—the largest IFC commitment to date—to a $6,000 equity investment in a small promotional company for tourism development in Colombia. In recent years loans have accounted for approximately 60% of the total value of the IFC's commitments, the remainder being equity investments.

The Corporation's 1969 funds were invested in 24 companies in 16 countries. Since it began operation, the IFC has made 43% of its investments in Latin America and the Caribbean, 33% in Asia and the Middle East, 19% in Africa, and 5% in Europe and Australia.

Regarding distribution of its funds among industries, the IFC has placed emphasis on enterprises in the metals, fertilizer, cement and other construction materials' industries, and paper and paper products areas.

Currently, the IFC is giving priority in its investment activity to development of three major areas: agribusiness, tourist facilities and services, and development finance companies.

New commitments to agribusiness enterprises represented approximately 25% of the total value of IFC commitments in fiscal 1969. The Corporation's continuing interest in this area—reflected in the proportion of funds committed for fertilizer projects—is in accord with the World Bank Group's emphasis on development of the food production capacities of less-developed countries. IFC contributions to agribusinesses serve this goal in addition to promoting industrial growth.

Tourism projects received 15% of the funds committed by the Corporation—compared to 6% in fiscal 1967, the previous high year.

The IFC cooperates with the IBRD and the IDA to support development finance companies. It has invested $29 million in 21 companies since it began such aid in 1961, including $1.6 million in five companies last year. These enterprises raise funds and invest them domestically in projects which the IFC could not normally finance.

Through its underwriting and standby services, the IFC assists private enterprises in raising capital in countries which lack or have poorly developed securities exchanges. The IFC's participation often encourages investors' confidence, thus contributing to the success of an offering. Since 1956 it has assisted in underwritings worth a total of $39.2 million for 14 companies in 11 countries. It also participates as a member of groups of underwriters.

In all its activities, the IFC stresses its role as a catalyst in development finance. It often finances only a fraction of the total cost of a project, preferring to serve as a central point for consortiums involving a variety of other types of investors.

Total commitments by IFC and others in 131 development enterprises exceeded the $2 billion mark for the first time in fiscal 1969. The Corporation also involves outside interests through sales of its loan and equity interests.

The IFC normally insists that its holdings be less than 25%, does not take managerial responsibilities, and will not seek board representation in companies that it assists. It does require, however, that there be frequent contacts between it and recipient firms. This enables the IFC to ensure that a company it has invested in is soundly managed.

Inter-American Bank

The Inter-American Development Bank (IDB) was organized in 1959 to provide financial support for the economic development of its members in Latin America. Member countries now number 22, comprising the United States and 21 Latin American countries.

Overall lending by the IDB has averaged $400 million annually in the last few years, reaching $431 million in 1968. Figures recently released show that the Bank increased its lending by almost 50% in 1969—extending loans totaling $631 million.

The Bank provides its financing primarily from two separate sources of funds: ordinary capital and its Fund for Special Operations (FSO). Previously it made loans under the Social Progress Trust Fund established by the United States in 1961, however, all of the Fund's resources were committed by 1965. Repayments made on loans from the Fund are now assigned to the Fund for Special Operations. In addition the Bank has established channels through which it receives funds from non-member countries.

Ordinary capital resources

Financing from this source is extended on conventional terms comparable to those offered by the IBRD. In 1969 the IDB made 19 loans worth a total of about $209 million from its ordinary capital resources, the highest level of lending in its nine-year history. The previous high was in 1968, when it lent $198 million. Through 1969 the Bank's cumulative lending totaled 187 loans valued at $1.3 billion, supporting projects with a total cost of more than $4 billion.

The largest loan authorized in 1969 was $33.5 million to Mexico for a highway project; the smallest was $1 million for support of Brazil's export financing facility.

The IDB has primarily relied on two sources of funds to support its ordinary capital lending—member subscriptions and bond issues. Its total subscribed capital is $2.74 billion, consisting of about $388 million paid-in and $2.35 billion callable capital.

Since all of its paid-in capital has been committed, the IDB must rely heavily in the future on bond issues for funds. In 1969 the Bank borrowed about $175 million on world capital markets; its cumulative net borrowings thus reached $767 million. The callable capital subscriptions, bolstered by increases in 1968 and scheduled for 1970, serve as a guarantee of the IDB's securities.

The Bank's lending from its ordinary capital has been concentrated on the development of three major areas: economic infrastructure, agriculture, and industry. Loans for infrastructure development have gone to electric power, water supply, transportation, and communications.

In terms of geographical distribution of funds, Brazil has benefited most from ordinary capital lending. It has received more than a quarter of funds loaned from this source; Argentina, Mexico, Chile, and Colombia together have accounted for an additional 50% of such lending, with the rest of Latin America receiving the remaining quarter.

Fund for Special Operations

Loans from the FSO are extended on concessionary terms, involving lower interest rates and longer maturities than those from the Bank's ordinary capital. They are designed to ease the debt service burdens of the poorer recipient countries and to assist in financing social-type projects. Repayment is made in the respective borrowing countries' own currencies, with certain exceptions for borrowers in stronger financial positions.

In 1969 the Bank authorized 46 loans totaling $413 million from the FSO. At the end of the year, a cumulative total of 243 loans totaling $1.58 billion had been made from the FSO.

The largest of the 46 loans was $30.8 million for an agricultural project in Brazil; the smallest was a $300,000 credit to Colombia for technical assistance.

The IDB's chief source of funds for the FSO is contributions from member countries. At present the FSO has a cumulative total of $2.33 billion in member contributions, of which $1.8 billion represents contributions by the United States. As noted above, the Fund also receives repayments on loans made under the defunct Social

Progress Trust Fund; this money is used for loans to the social areas the SPTF was created to aid.

In past years the IDB has devoted the bulk of its financing from FSO resources to the fields of agriculture, education, water and sanitation systems, and housing. In recent years, the Bank has tended to give relatively more emphasis to the development of the economic infrastructure of borrowing countries, allocating well over half of its funds in 1969 to projects in the fields of transportation, communications, and electric power.

In 1967 the IDB Board of Directors adopted a policy which opened up potential new channels for the flow of lendable resources from non-member countries. The policy links non-member contributions to eligibility for procurement of goods and services under loans from ordinary capital and unrestricted FSO resources. Under it, a developed non-member country may attain and keep its status of eligibility as a source for procurement if it maintains its contributions to the IDB in an acceptable relationship to the amount of IDB funds which it has benefited from.

Assistance may be made in a variety of forms, including the authorization of IDB bond sales, untied loans to the Bank, participations in Bank loans, parallel financing arrangements, and tied funds on concessional terms which are entrusted to the Bank for administration.

As a result, the Bank increased its borrowings of funds from non-member countries by a significant degree. Austria, Belgium, Italy, Japan, the United Kingdom and West Germany are among the countries which have contributed money by this means.

Also, at its 1970 annual meeting the IDB's Board of Governors recommended a substantial increase in the Bank's resources. The increase would consist of a $2 billion addition to the Bank's authorized ordinary capital, consisting of $400 million paid-in and $1.6 billion callable capital, and a $1.5 billion increase in the FSO. If approved by the governments of the Bank's member countries, the increase will result in enough additional funds to enable the IDB to substantially boost its annual lending from both sources.

Asian Development Bank

The Asian Development Bank (ADB) is the newest of the international development banks. It was established to finance economic development projects and programs in and among the developing countries of Asia. It opened its Manila headquarters in December 1966.

With the accession of France (in the final stages of completing the formalities for membership) the ADB will have 35 members, which have subscribed $1,004 million of the Bank's $1,100 million authorized capital. Twenty-one members are in the Asian region, including three developed countries—Japan, Australia and New Zealand; 14 are non-regional developed countries, including the United States, Canada and 12 European countries.

The ADB has rapidly geared up its lending activity during its three years in operation. Through 1969 it committed a total of $140 million for 27 loans in 11 countries. The Bank devoted its first year in operation to the task of setting itself up as a sound financial institution and surveying the problems and needs of the developing countries of the region. Loan commitments totaled $42 million in 1968 and $98 million in 1969. They are expected to total more than $200 million in 1970, when it is anticipated that about 35 loans will be processed.

Like the Inter-American Development Bank, the ADB gets its financing from two separate sources—its Ordinary Capital resources and its Special Funds resources. The Bank's Articles of Agreement require that these resources be held, used, committed, invested or otherwise disposed of entirely separate from each other.

Ordinary capital operations

The Ordinary Capital resources of the ADB consist primarily of member subscriptions, which total $1,004 million. One half of each member's subscription is paid-in capital; the remaining half is callable capital to provide backing for future borrowings by the Bank. By Dec. 31, 1969, $389 million of the $489 million then subscribed paid-in shares had been paid, $100 million not yet being due.

In the future, as is the case with the other international lending institutions, the ADB will rely increasingly on borrowings in the international money markets to add to its Ordinary Capital resources. Thus far the Bank has raised the equivalent of $21 million from placement of bonds in West Germany and Austria.

Utilizing these resources the Bank has made 21 loans amounting to more than $118 million from its Ordinary Capital resources. In 1969 the Bank made 14 loans totaling $76 million from Ordinary Capital, as compared with 7 loans amounting to $42 million in 1968.

The Bank's loans from its Ordinary Capital have provided financing for tea factory modernization and port development in Ceylon; for highways in Taiwan and Korea; for water supply, palm oil mills, port development and electricity supply in Malaysia; for petrochemical and metal processing plants, urban transport, fisheries, and port development in Taiwan; and for cold storage and marketing facilities for fish and transport and stevedoring facilities in Korea. The loans have ranged in size from $18 million for the Taipei-Yangmei Freeway in the Republic of China to less than $1 million.

In addition, five loans totaling $50 million have been made to industrial development banks in Korea, Pakistan, Philippines, Singapore and Thailand, providing funds for relending to medium- and small-scale private industry.

Special Funds Operations

The Bank has established the "Consolidated Special Funds of the ADB" to finance high priority development projects and programs on concessional terms. The Bank's charter authorizes the establishment of Special Funds through the setting aside of up to 10% of the Bank's unimpaired paid-in capital, and the acceptance from contributors of Special Funds for administration by the Bank.

In April 1969 the Board of Governors of the ADB set aside for Special Funds purposes $14.6 million from the convertible currency portion of the Bank's paid-in Ordinary Capital. In addition, 6 countries—Japan, Canada, Denmark, Netherlands, Australia and the United Kingdom—have offered Special Funds contributions totaling $160 million, of which $58 million is now available for lending. Other countries have also indicated the possibility of future contributions.

During 1969 the Bank made its first six concessional loans, totaling about $22 million, from its Special Funds resources to Ceylon, Indonesia, Nepal, Philippines and Western Samoa. They have provided financing for irrigation, land development, air transport, highway and power transmission projects.

Procurement is open to countries which have contributed to the Bank's Special Funds and, in certain circumstances, to other members of the Bank, particularly developing member countries.

On Feb. 25, President Nixon submitted to the Congress a proposal for a $100-million U.S. contribution to the ADB Special Funds over a period of three years—$25 million in fiscal 1970, $35 million in fiscal 1971 and $40 million in fiscal 1972. The proposal is pending before the Congress. Under this proposal the first installment would be tied to procurement of U.S. goods and services. With respect to subsequent installments, the United States would review the situation to determine whether widening the area of procurement eligibility would materially further the development objectives of the

XUM

Bank—including encouragement of the flow of similarly untied contributions from other donors—and would be compatible with the international financial position of the United States.

ADELA

ADELA, a multinational private investment and investment banking company, is another newcomer to the international financial scene. Organized in 1964 by a group of leading business firms and banks from Western Europe, the United States, Japan, and Canada, its prime objective is to advance the economic development of Latin America by strengthening private enterprise.

To achieve these goals, ADELA extends loan and equity financing to private organizations which present viable proposals to it. Its loans are normally made on a short- and medium-term basis, for periods ranging between six months and five years. Longer-term loans usually accompany ADELA's participation in the equity capital of an enterprise.

ADELA is prepared to lend amounts ranging up to $3.5 million. A customer's larger financing needs may be satisfied by ADELA's taking the lead in forming a syndicate of financial institutions, which often may include its shareholders or international lending agencies. Also, the company offers underwriting services for share and loan issues to be distributed both in the host countries and abroad.

To support its activities, the company has relied on two main sources of financing—its shareholders' capital subscriptions and borrowed funds. At the end of fiscal 1969, ADELA's paid-in capital totaled $50 million. Its credit sources are located throughout the world and include the Inter-American Development Bank. At the end of fiscal 1969 ADELA had borrowing facilities amounting to $130 million available to it.

In fiscal 1969 ADELA authorized long-term commitments (loans and equity investments) worth $22 million for 24 companies, an increase from the $14.4 million of such financing approved during the previous year. Short- and medium-term loans authorized came to $43.5 million, versus $15 million during the previous year. Underwriting commitments assumed by ADELA reached a total of $26 million.

Since it began operations, ADELA has authorized more than 113 long-term commitments to 93 enterprises in 18 Latin American countries. These commitments totaled about $62 million, 55% of which was for equity investments and 45% for loans.

The year's two largest commitments were for projects in Argentina: one involved ADELA's underwriting 40% of the capital stock issue of a development finance and investment banking institution; another was a $3.5 million loan to a meat-producing concern. The smallest commitment was a $50,000 equity investment in a warehousing firm based in Panama which will operate throughout Latin America.

At the end of fiscal 1969, more than three-quarters of the company's equity investments and loans outstanding were credited to five major countries—26% in Brazil, 22% in Mexico, and 10% each in Venezuela, Argentina, and Chile.

The principal fields which ADELA has favored in its investments are agribusiness, forestry, tourism, general manufacturing, and service activities.

The ADELA group consists of 11 subsidiaries, three of which operate throughout Latin America. These are ADELA Compania de Inversiones (Panama) S.A. (an investment subsidiary), ADELA International Financing Co. S.A., and ADELATEC Technical and Management Services Co. S.A., all incorporated in Panama. The remainder are incorporated resident representations in various Latin American countries and a subsidiary in the United States which operate exclusively within their respective territories. Together, ADELA's subsidiaries can offer a comprehensive range of entrepreneurial, technical, and financial services to supplement its loan and equity assistance.

OTHER ORGANIZATIONS

Regional development banks

The lending organizations discussed above are major institutions in the field, but they are by no means the only ones. Included among the others are four multilateral development banks—the African Development Bank, the Caribbean Development Bank, the Central American Bank for Economic Integration, and the East African Development Bank—two new private organizations similar to ADELA—the Private Investment Corp. for Asia and an enterprise which will operate in Africa.

The African Development Bank was established in 1964 and began operations in 1966. Its purpose is to provide development financing for its 31 member countries, all of which are African.

The Bank's total authorized capital is $250 million, of which $60 million, in the form of gold and convertible currencies, has been paid in. As of the end of 1968 the Bank had made four loans valued at $5.7 million. The Bank has approached several potential donor countries, including the United States, to see

PROJECTS THROUGHOUT THE DEVELOPING WORLD rely heavily on financing from international lending institutions. The Hotel Ivoire in Abidjan, Ivory Coast, received an early AID investment guarantee.

if there is a basis for agreement on establishing a special fund to provide concessional financing.

The Caribbean Development Bank differs from those discussed earlier: its operations are restricted to a sub-region—the Caribbean. Member countries from outside the region include Canada and the United Kingdom.

The Bank's inaugural meeting was held in January of this year. Its initial equity capital is $50 million—40% of which is being contributed by its non-regional members. The United States, although not a member, is considering a loan to the Bank, the amount to be determined in relation to the contributions of Canada and the United Kingdom.

The Central American Bank for Economic Integration (CABEI), formed in 1961 by the five members of the Central American Common Market, also has a subregional focus. Since its inception, the Bank has made 222 loans to its member countries on both hard and concessionary terms, totaling $172 million.

CABEI's conventional loans have been devoted primarily to fostering industrial development in the five member countries. Its soft loans, made from the Fund for Economic Integration, are used to assist infrastructure projects which contribute to the economic development and integration of the region as a whole.

The Bank's cumulative total resources presently amount to more than $250 million. These funds consist of contributions from AID, the IDB, Mexico, and a number of European governments plus credits from private sources.

The East African Development Bank has been formed to serve the countries of Kenya, Uganda, and Tanzania. It has an authorized capitalization of $56 million, including a portion set aside for participation by non-members. Formed late in 1967, the Bank has made a limited number of loans to date.

The Private Investment Corp. for Asia (PICA) began operations in March 1969. PICA's objective is to foster private capital investments in the less-developed countries of Asia. It was formed by 112 firms from Japan, the United States, Europe, and Canada.

The Corporation's authorized capitalization is $40 million, of which $16.8 million had been paid in by September 1969. By then, PICA had made commitments to purchase participations in two IFC loans and had received nearly 50 investment applications for about $50 million in funds. The Corporation's headquarters are in Tokyo, but it plans to establish local offices elsewhere in Asia.

A group of banks and commercial and industrial concerns have plans to form a private multinational investment company for Africa early this year. The new enterprise is tentatively known by its French initials SFIDA. The founding group contains representatives from Europe, Japan, and the United States plus the African Development Bank.

The projected company will have an initial capital subscription of $15 million. Like ADELA and PICA, it will probably make both loans and equity investments in private enterprises. Local capital participation will be sought wherever feasible.

National development banks

Intermediate credit institutions, including national development banks, have spread rapidly in developing countries in recent years. There are now over 340 such institutions with estimated total resources of approximately $2½ billion. Investments with which they are associated are estimated to be in the order of $7½ billion. These investments may constitute around 10-20% of total recent industrial investment in many countries and a much higher proportion of the total in new fields.

As a group, these institutions are receiving increasing amounts of capital from the lending agencies surveyed in this article, although only a portion of them account for the bulk of such assistance. Over the past decade AID dollar loans to them have averaged $30-40 million per year, and it has lent larger amounts of local currencies to banks in some countries. The World Bank Group has extended capital assistance of nearly $1 billion in the past 15 years, with two-thirds of this having been provided in the past five years. The Group intends to increase such aid to even higher levels in the future. Other donors are also placing greater emphasis on these institutions, some of which have been the recipients of capital from two or more foreign lenders.

The usual procedure is for a local development bank, which may be either a public or private entity, to receive a loan on the official agency's regular terms and then to relend the funds to local borrowers at more stringent terms.

Relending terms generally are tailored in accordance with the nature of the project being financed and the cost of capital on the local private market. Interest rates generally range from 6 to 14%; repayment periods rarely exceed 20 years and are usually considerably less.

Both the Eximbank and AID have made loans to local development banks in many countries throughout the world. There are still uncommitted funds available under such credits.

If a U.S. exporter or investor has a particular developing country in mind, he can contact AID or Eximbank to determine the availability of such funds for relending by development banks. A foreign affiliate of a U.S. firm might receive such a loan, although local development banks generally concentrate on lending to purely domestic firms. A U.S. exporter might wish to refer a foreign customer to such an institution as a possible source of financing.

Although the official agencies make loans to local development banks for both agricultural and industrial relending, the majority of these local institutions concentrate on financing private small- and medium-size manufacturing and other industrial enterprises.

UNDP, IMF assistance

The United Nations Development Program (UNDP) and the International Monetary Fund (IMF) also constitute important elements in the international financial system.

The UNDP provides pre-investment assistance to developing countries by helping them to mobilize capital and improve their ability to use such capital effectively. The types of activities it aids may include research projects, training surveys, and demonstration projects. In rendering such assistance the UNDP may provide staff, experts, equipment, and supplies or it may establish institutes, demonstration centers, or pilot plants.

Proposals for projects are originated by member governments and submitted to UNDP headquarters in New York. There they are reviewed and evaluated by the UNDP staff. The actual responsibility for implementing an approved project and supervising its day to day operation rests with the international organization designated as the Executing Agency. Such Agencies include the United Nations itself and most of the major international development banks covered in this article.

The UNDP provides financing for pre-investment projects from its Special Fund, which is supported by the contributions of member countries. From 1959 through 1968 the UNDP aided approximately 778 projects costing a total of $1.9 billion. Of this total, the UNDP provided $771 million and the recipient countries furnished the remainder. These projects represent potential business opportunities for U.S. firms, especially engineering and consulting firms and suppliers of construction equipment and related supplies.

Firms in any UNDP member country are eligible to be chosen as suppliers of

XUM

goods and services for projects financed under the program. Suppliers are chosen on the basis of international competitive bidding. The bidding is administered by the Executing Agency responsible for the project, in cooperation with the government of the country in which the project is to be located.

The Department of Commerce receives detailed copies of summaries of UNDP projects. It has established procedures for making information available to U.S. firms which may be interested in competing for contracts let under such projects. More complete information on the UNDP's activities and the assistance the Commerce Department can offer may be obtained from the International Liaison and Trade Opportunities Staff, BDSA-541, Room 4059, U.S. Department of Commerce, Washington, D.C. 20230.

Although it does not make loans for specific projects, the International Monetary Fund (IMF) renders financial assistance to member countries to promote their economic stability. Under various arrangements, IMF members experiencing balance of payments difficulties have the right to use their own currencies to make purchases (drawings) of convertible currencies from the Fund. Depending upon the IMF's holdings of a country's currency, the Fund may seek the borrowing country's agreement to institute specific fiscal and monetary policies designed to restore financial stability.

These arrangements may benefit exporters in two ways: in the short-run the borrowing country may be able to continue imports of goods and services for priority development projects or essential industries; over the longer term, the fiscal and monetary policies undertaken may lead to financial stability and orderly growth in international trade.

Procurement methods, information

Eximbank. As noted earlier, Eximbank extends direct credits only to borrowers operating outside the United States for the purchase of U.S. goods and services. There is no application form for these loans. A prospective borrower should send the Bank an application letter containing sufficiently detailed economic, financial, and engineering data to enable the Bank to determine the feasibility of the proposed project and the borrower's ability to repay the loan. On request, the Bank will provide a list of the items of information required.

The choice of the method of procurement under an Eximbank loan is the borrower's responsibility; purchases may be made subject to competitive bidding or through pre-negotiation. Borrowers often negotiate a contract on a conditional basis

Major export financing units listed

Eximbank: *Method of choosing suppliers:* Pre-negotiation or competitive bids.
Procurement restrictions: Limited to U.S. suppliers.
Address: Export-Import Bank of the United States
811 Vermont Ave., N.W.
Washington, D.C. 20571

AID: *Method of choosing suppliers:* Commercially accepted business practices, including pre-negotiation or competitive bidding.
Procurement restrictions: With few exceptions, limited to U.S. suppliers.
Address: Agency for International Development
Department of State
21st and Virginia Ave., N.W.
Washington, D.C. 20523

IBRD: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Limited to suppliers in member countries, Switzerland.
Address: International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433

IDA: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Limited to suppliers in member countries, Switzerland.
Address: International Development Assn.
1818 H Street, N.W.
Washington, D.C. 20433

IFC: *Method of choosing suppliers:* Commercially accepted business practices.
Procurement restrictions: None.
Address: International Finance Corp.
1818 H Street, N.W.
Washington, D.C. 20433

IDB—Ordinary Capital: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Generally limited to suppliers from member countries; eligibility of potential suppliers from non-member countries established in relation to the amount of funds the governments of the respective countries contribute to the Bank (see text).
Address: Inter-American Development Bank
808 17th St., N.W.
Washington, D.C. 20577

IDB—Fund for Special Operations: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Limited to suppliers in member countries.
Address: Inter-American Development Bank
808 17th St., N.W.
Washington, D.C. 20577

ADB—Ordinary Capital: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Limited to suppliers in member countries.
Address: Asian Development Bank
Commercial Center, P.O. Box 126
Makati, Rizal, Philippines

ADB—Special Funds: *Method of choosing suppliers:* Competitive bidding.
Procurement restrictions: Procurement is open to countries which have contributed to the Bank's Special Funds and, in certain circumstances, to other members of the Bank, particularly developing member countries.
Address: Asian Development Bank
Commercial Center, P.O. Box 126
Makati, Rizal, Philippines

ADELA: *Method of choosing suppliers:* Commercially accepted business practices.
Procurement restrictions: None.
Address: ADELA Investment Company S.A.
Casilla 207
Lima, Peru

with one or more U.S. suppliers before a loan is actually granted by Eximbank. In such cases the Bank reviews the contract to assure that the goods to be supplied are suitable for the project and reasonably priced.

Eximbank publicly announces most of its loan authorizations, so potential U.S. suppliers may be able to bid on contracts when competitive bidding is used.

Since many of Eximbank's large loans involve sub-contracts, U.S. sub-contractors may supply items financed by such loans without being aware of the Bank's financing role. Eximbank has estimated that on some of its largest project loans several hundred U.S. suppliers and several thousand individual orders are involved.

AID. Like the Export-Import Bank, AID is essentially a financing institution. It engages in relatively little direct procurement itself. When AID makes funds available to another government for commodity imports, the recipient issues import licenses or similar authorizations to importers or government agencies within its country for the purchase of commodities covered under the loan or grant. Thus, the foreign importer actually chooses the suppliers.

Most sales result from direct negotiation between American sellers and foreign importers. These negotiations are conducted in the same manner as privately-financed business but must be announced in *AID-Financed Export Opportunities*, an AID publication. The seller must compete in terms of price, quality, service, and delivery time to convince the buyer that his offer is the best.

Transactions financed by AID for foreign government procurement are usually based on formal competitive bidding. Bids are submitted directly to the purchaser for public opening, and all responsive bids must be considered. Awards are normally made to the lowest responsive and responsible bidder, unless the bid invitation specifies other factors to be considered. In any event, if the low bid is not accepted, AID requires that the purchaser furnish justification for the accepted bid.

How to find out

How can a businessman learn of specific sales opportunities generated by AID assistance? AID publishes information on proposed purchases financed under its loans in several publications. Most important are *AID Financed Export Opportunities* (formerly the *AID Small Business Circular*) and the *AID Procurement Information Bulletin*. Subscriptions to these publications may be obtained from the Procurement Services Branch, Office of Small Business, Agency for International Development, Department of State, Washington, D.C., 20523.

Some information regarding procurement under AID financing is also included in several Department of Commerce publications. The *Commerce Business Daily* carries notices of professional service projects financed by AID. Information on future AID-financed construction projects is also reported in the *Quarterly Summary of Future Construction Abroad*, prepared by the International Liaison and Trade Opportunities Staff (ILTO), BDSA-541, U.S. Dept. of Commerce, Washington, D.C. 20230. In addition, announcements of AID loan authorizations and agreements are published in INTERNATIONAL COMMERCE.

Until recently, almost all procurement of goods under AID financing was tied to U.S. sources. In fiscal 1968 for example 90% of all commodity procurement financed by AID was from the United States. This policy was modified somewhat in 1969 by President Nixon's order making Latin American firms eligible suppliers for orders financed by AID economic assistance to countries in that continent. Thus, a Brazilian firm might be eligible to bid on a contract let under an AID loan to Chile. This new policy applies only to Latin America, and policies requiring tied procurement under AID funds are still in effect throughout the rest of the world.

International agencies. The World Bank Group organizations, the IDB, and the ADB all have similar rules and regulations which govern procurement under their loans. All usually require loan recipients to use competitive bidding procedures to choose suppliers of goods and services. Under this requirement, they must canvass all eligible member countries for bids on contracts of significant size. To accomplish this, invitations for bids must be transmitted to local official representatives of these countries and advertised in publications with general circulation in the bidders' countries. Large contracts are published in technical and trade magazines of wide international circulation.

For large contracts, the World Bank also generally requires that 90 days be allowed between the time a tender is advertised and bidding is opened. This allows time for contractors to conduct investigations to decide whether to submit a bid.

In order to assure free and fully international competition, borrowers are required to write specifications to permit offers of alternative equipment and materials. An IBRD/IDA publication, *Guidelines for Procurement Under World Bank Loans and IDA Credits*, provides further information on World Bank procurement. It is available from the Bank on request.

The ADB also will make available a similar pamphlet, *Guidelines for Procurement Under Asian Development Bank Loans*, which is applicable to loans made by the Bank from its ordinary capital.

Bid tenders received by U.S. embassies abroad are forwarded to the ILTO staff of BDSA (see address above). Information on bidding opportunities is sometimes received from foreign embassies in Washington and from other sources as well. The tenders are analyzed by BDSA commodity specialists, who examine the bid specifications in particular to see if U.S. suppliers can meet them.

Public announcements of tenders are made by BDSA in the World Trade Opportunities section of INTERNATIONAL COMMERCE, the *Commerce Business Daily*, the *Quarterly Summary of Future Construction Abroad*, and in various trade journals. BDSA also brings information on new tenders to the attention of interested individual firms.

In addition, the lending agencies themselves issue press releases when loan agreements are signed. These are often summarized in INTERNATIONAL COMMERCE.

Copies of the bid tenders received from abroad may often be obtained on a loan basis, and in some cases are available for examination in the appropriate BDSA divisions.

Keep in close touch

The aggressive exporter would find it profitable to monitor the sources of information listed above, as well as to keep in close touch with potential customers overseas. As has been shown in this article, the various international lending agencies each year make loans totaling billions of dollars. In the hands of borrowers overseas these funds represent a substantial amount of business which U.S. suppliers might win.

In order to win bids resulting from such loans, a potential American supplier should become involved at an early stage. A low bid and a solid engineering proposal submitted before the expiration date of a call for bids, will not always result in a firm's winning a contract. Often the successful bidder in particular cases is the firm which has made contact in the field with the local officials concerned with a foreign project. In this way the supplier can often discover requirements which are not adequately or explicitly stated in bid tenders and thus tailor his own bid accordingly.

It should be noted that selection of a prime contractor on a particular project does not preclude other suppliers from benefiting from available business. Subcontracts are often awarded to other parties.

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	Eximbank	Agency for International Development (AID)	World Bank Group		
			International Bank for Reconstruction and Development (IBRD)	International Development Association (IDA)	International Finance Corporation (
Function	Aid in financing U.S. exports through the extension of credits or assisting others to provide financing on conventional terms to purchasers of exports from U.S. entities or non-U.S. entities doing business in the U.S.	Administer the U.S. foreign economic assistance program, including the extension of loans to less-developed countries on concessionary terms.	Promote the economic development of member countries primarily by extending loans on conventional terms for specific high-priority projects.	Promote the economic development of less-developed member countries by making credits on concessionary terms, thereby lessening the burden on the recipient countries' respective balance of payments positions.	Encourage the gr productive private prise in developin tries by extendin and non-controllin capital, providing writing and standb mitments, and at outside financing.
Criteria and limitations	Availability of funds from private sources; extent of participation of other sources of credit; effects on the U.S. economy; existence of "reasonable assurance of repayment" or "sufficient likelihood of repayment"; total foreign indebtedness of recipient country; and the recipient country's total obligations to the Bank. Eximbank may not back sales of military equipment to a less-developed country; support export sales in a country at war with U.S. or aiding such a country; or assist exports to Communist countries except sales declared by the President to be in the national interest.	For Project loan: Project must give reasonable promise of contributing to the economic development of the country concerned; be consistent with other development projects in the country; have a satisfactory prospect of paying out; and be non-competitive with domestic U.S. enterprises. Program and sector loans: Prospective recipient country must demonstrate a need based on balance of payments considerations.	Government guarantee required when borrower is a private entity; borrowing country must be creditworthy; borrower must be unable to obtain funds from other sources on reasonable terms; loan decisions are made only on the basis of economic development considerations; loans must be for specific projects; funds may be spent only for purposes for which a loan was granted; project must have high economic priority; and recipient enterprise must have productive potential.	Government guarantee required when borrower is a private entity; borrowing country must be creditworthy; borrower must be unable to obtain funds from other sources on reasonable terms; credit decisions are made only on the basis of economic considerations; credits must be only for specific projects; funds may be spent only for purposes for which loan was granted; project must have high economic priority; and recipient enterprise must have productive potential. Per capita income level of borrowing country should be below $250.	The Corporation c the degree of ec development of bu country; availabi sufficient capital fr vate sources on rea terms; prospects o ability; evidence o planning; spon from companie proven industrial ence; extent of sp share capital in ent provision for loca tor participation; a ect's economic pric the country. It w lend where primar is refunding, direct ing of trade, or la velopment.
Eligible borrowers	U.S. entities operating in other countries, and non-U.S. entities, public or private.	Project loan: foreign governments, U.S. and foreign public and private entities. Program and sector loans: foreign governments.	Member governments, their political subdivisions, and any public or private entities in their territories.	Member governments, their political subdivisions, any public or private entities in their territories, and any public international or regional unit.	Private firms in dev member countries.
Lending volume (FY 1969)	$835 million commercial credits; $225 million for purchase of military items.	Project loans—$200 million; program loans—$465 million; sector loans—$40 million.	$1.4 billion.	$385 million.	Total commitme about $93 million.
Number and size of loans (FY 1969)	More than 100 loans—$70 million to $600 thousand, with $5 million median.	46 Project loans—$300,000 to $30 million; 10 program loans—$1.2 million to $194 million; 4 sector loans—$5 million to $15 million.	84 loans—$2 million to $82 million, with $11 million median.	38 loans—$800,000 to $125 million, with $5 million median.	27 commitments— $6,000 equity inv to $22 million co loan and equity ment, with $1 median.
Current interest rates and fees	6% interest; ½% commitment fee on undisbursed balance.	2% interest during grace period, 3% thereafter. Relending by foreign governments may be at prevailing domestic rates.	7% interest, commitment charge of ¾%, accruing from a date 60 days after date of loan agreement.	No interest. Service charge of ¾% per annum to cover IDA administrative costs.	9% interest per commitment fee 1% per year on bursed portion of t
Loan maturities	1 to 15 years, not including grace periods. Most are for 7 to 10 years.	Generally 40-year terms with 10-year grace period to foreign governments; re-lending by foreign governments may be for shorter periods.	15 to 30 years, including grace periods which run until projects are operational. Most are on 20 to 25 year terms.	50 years, including 10-year grace period, following which 1% per annum of principal is repayable over next 10 years and 3% per year over next 30 years.	Usually 7 to 12 Amortization is ge on a semiannual after a grace period
Currency of repayment	U.S. dollars.	U.S. dollars.	Currency lent.	Currency lent or another convertible currency.	Generally currenci or invested, most monly dollars.
Resources	Capital of $1 billion, $1.2 billion reserves, and borrowing rights from the Treasury. Additional assets may be acquired through sale of securities on private capital markets.	Annual appropriations by U.S. Congress. FY 1970—$1.4 billion for economic assistance, including $555 million for development loans.	$23 billion subscribed capital, including $2.3 billion paid-in and available for lending. Major sources of funds are sales of bonds on world capital markets and loan repayments.	About $3.2 billion in funds available for lending, of which about 70% is already committed.	More than $400 r including paid-in capital of $106.6 and a $200 million credit from the IBR Bank may lend abou million more.

Export finance sources, summarized

	Inter-American Development Bank (IDB)		ADELA	Asian Development Bank (ADB)	
ional ice on (IFC)	Ordinary Capital Resources	Fund for Special Operations		Ordinary Capital Resources	Special Funds Resources
e growth of ivate enter- oping coun- nding loans olling equity ding under- andby com- l attracting ng.	Contribute to the acceleration of the process of development of its member countries individually and collectively by providing loans on conventional terms.	Contribute to the acceleration of the process of development of its member countries individually and collectively by providing loans on concessionary terms.	Foster the economic development of Latin America by strengthening private enterprise through provision of capital and entrepreneurial and technical services.	Finance loans on conventional terms and technical assistance for projects and programs to foster economic development in and among the developing countries of Asia and the Far East.	Provide loans on concessional terms for high priority development projects in developing member countries.
on considers f economic f borrowing ilability of al from pri- reasonable ts of profit- ce of sound ponsorship nies with rial experi- f sponsor's enterprise; local inves- n; and proj- priority for It will not mary object irect financ- or land de-	The Bank must take into account the creditworthiness of the borrower, may finance only specific projects, must consider the ability of the borrower to get financing from private sources on reasonable terms, and may not finance a project on a member country's territory if the member objects.	The Bank must take into account the creditworthiness of the borrower, may finance only specific projects, must consider the ability of the borrower to get financing from private sources on reasonable terms, and may not finance a project on a member country's territory if the member objects.	Criteria fall into two major categories—(a) return on investment, including reputation and contribution of local investors, availability of competent management and technical knowledge or proposals for obtaining them, evidence of adequate market demand for products, feasibility of engineering and production aspects of the project, and earning and growth potential of the enterprise; (b) contribution of the project to the host country's development. ADELA also looks at the investment climate in the host country.	Loans to be made in less-developed country members of ADB.	Loans to be made in less-developed member countries of ADB.
developing ies.	Member governments, private local firms or joint venture enterprises with local participation, and public or private relending agencies.	Member governments, private local firms or joint venture enterprises with local participation, and public or private relending agencies.	Private entities in Latin America.	Any member government or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member.	Governments of developing country members.
tments of ion.	$209 million.	$413 million.	$65.5 million.	$76 million.	$22 million.
nts — from investment combined ity invest- 1 million	19 loans—$33.5 million to $1 million, with $10 million median.	46 loans—$30.8 million to $0.3 million, with $10 million median.	24 long-term commitments, $3.5 million to $50 thousand, with $370 thousand median.	14 loans ranging from $1 million to $10 million.	6 loans, $1 million to $7.7 million.
er annum; ee equals on undis- f the loan.	8% annual interest, including 1% commission alloted to special reserve; 1¼% commitment fee on undisbursed balance.	2¼-3¼% interest per annum; service charge of ¾%.	Negotiated in each case taking into account borrower's needs and cost of funds to ADELA.	6⅞% interest per annum including 1% commission plus commitment charge of ¾ of 1% per annum on unused balances of loan.	Interest rates have ranged from 1½ to 3% per annum, including ¾ of 1% service charge.
12 years. generally nual basis riod.	7 to 25 years, including grace period. Most are for 15 to 20 years.	15 to 30 years, including grace periods generally not exceeding 5 years. Most are for 20 to 25 years.	Normally 6 months to 5 years; when loans are combined with equity capital, repayment period may exceed 5 years.	10 to 25 years with grace periods from 2 to 5 years. Most are for 12-15 years.	From 16 to 40 years, including grace periods from 5 to 10 years; average maturity, 27 years.
encies lent nost com-	Currency lent.	Mexico and Venezuela repay in currency lent; others may pay in their own currencies. Service charge payable in dollars.	Currency lent.	Currency lent.	Currency lent.
0 million, -in share .6 million ion line of IBRD. The bout $200	$2.74 billion subscribed capital, of which $388 million paid-in. Major source of funds is sales of bond issues on world capital markets.	$2.33 billion in member contributions.	$187.3 million, including available borrowing facilities totaling $130.5 million and $50 million from paid-in capital shares.	Subscribed capital, $1,004 million: of which subscribed paid-in capital, $502 million and callable capital, $502 million; borrowings, equivalent $21 million.	$72.7 million available for lending, including $14.6 million set-aside from Ordinary Capital plus $58.1 million from contributions.

Colombia steps up activity

Coffee bonanza brings record growth, higher exchange earnings to already robust economy

Things are coming up roses for the Colombian business community. Reports proliferate of record industrial and commercial sales, of production expansion, and of improved profits. Preliminary Planning Department estimates indicate that Colombia's gross national product grew as much as 6.5% in real terms in 1969—the best growth year of the decade. Current conditions support the expectation of a still higher rate of growth this year, according to the Economic Trends Report from the U.S. Embassy in Bogota.

Why all this zest in the economy? Lots of contributing factors, all of them accumulative, and no serious bad breaks along the way. National economic policy has been sound, steady, and consistent, providing a solid base for development. Business confidence has flowered in such an environment. The government's investment budget has expanded steadily in the last several years, giving a boost to general economic activity in the process. As is especially evident in the major cities of Bogota, Medellin and Cali, a construction boom has added further strength to the economy. Volume and value of imports and exports have progressively increased. Assistance from international lending agencies has played a vital part in sustaining the developing pace.

Added economic impetus

As it entered the last half of 1969, the economy had considerable momentum. Since then it has received the added impetus of a coffee bonanza. Colombian coffee fetched 42.50¢/lb. at the end of August. By the end of September it brought 50¢/lb., and by the end of October 57¢/lb. Severe frost damage in Brazil and resultant market speculation explain the drastic price jump. It is hard to know how long the high coffee prices will continue. Some predict a world coffee shortage and high prices for several years to come.

The immediate point is that Colombia, the world's second largest coffee producer, is reaping large benefits at this time. The country's foreign exchange receipts will be appreciably larger than earlier foreseen. The more favorable balance of payments outlook means a higher level of import licensing—and studies show a close collaboration between high import levels and high GNP growth rate. High international coffee prices mean higher returns for the coffee grower—added income and purchasing power in an important sector of the economy.

Higher international coffee prices also mean larger fiscal receipts. The 1970 revenue expectations are appreciably greater than first predicted, because of bigger coffee export tax receipts and greater customs duty collections on the higher level of imports. Indeed these two fiscal increments will go a long way toward substituting for the revenues the Government hoped to get in 1970 from the tax packet presented to Congress last year, which has not yet been acted upon.

Economy in good shape

All in all, the Colombian economy now appears in quite promising shape. Foreign exchange reserves have never been greater. Foreign trade is at record levels. The rate of price increase is moderate for a developing country, only a few points per year above that in the United States. The fiscal and monetary situation look good. Manufacturing and trade are flourishing. How long will it last? That depends on a number of things: policies and programs of the next administration taking office in August, the rate of growth of Colombia's export trade, the fiscal management in 1971 and beyond, and the degree of solution of still abiding structural problems of the economy and society. For the moment most systems appear to be go for the Colombian economy.

As Colombia's economy grows, so do its requirements for raw materials, intermediate goods and capital goods to keep the production system going. The neat and fascinating fact of the country's economic life is: more GNP growth, more import needs; more imports, more GNP growth. The Government recognizes this interrelationship. As the balance of payments position has improved, the Government has progressively expanded the import licensing budget and has increased the number of items which can be imported without prior license approval.

From the austerity level of $439 million in 1967, reimbursable import license approvals rose to $521 million in 1968 and to $632 million in 1969. The Government anticipates another big leap this year. It expects to approve a monthly average of at least $65 million of reimbursable imports in 1970. In addition it expects an estimated $150 million of non-reimbursable imports in 1970, compared with $130 million in 1969. These imports are so-called because they are not paid for out of the country's foreign exchange reserves. Examples are imports under foreign loans and donations, imports of foreign petroleum companies, and foreign capital investment imports. This program then foresees an increase in imports of at least 20% this year over 1969. As far as the balance of payments situation is concerned, the program should be fulfillable. Because of the coffee bonanza, among other things, the country's foreign exchange reserves are comparatively abundant. As of March, import license applicants found that the Foreign Trade Institute was readily approving import requests and processing them rapidly.

Encouraging prospects

The Colombian Government is pushing vigorously for international credits for infrastructure and other economic development projects. It is finding sympathetic response from the international lending agencies. In the first quarter of 1970 the International Monetary Fund (IMF) negotiated a new standby agreement with the Colombian Government; announcement of the details is expected shortly. Colombia also gains an addition to its international reserves in 1970 from the allocation of Special Drawing Rights by the IMF.

The World Bank sent a study mission to Colombia in February/March to review the economy and examine development projects requiring foreign credits. Various World Bank credits are in operation for Colombian programs in electrification, railroads, roads, water and sewerage systems, education, and related areas. Additional credits are anticipated.

Negotiations began in March for a new Agency for International Development (AID) assistance package consisting of a program loan and sector loans for agri-

culture and education. These loans would follow the multimillion dollar AID assistance package for the Apr. 1969-Mar. 1970 period.

The Inter-American Development Bank, already an important lender to Colombia, is reviewing a number of current requests. Also, the Export-Import Bank has shown renewed interest in credit programs to Colombia.

Colombia continues its strong support for Andean economic integration. Significantly, private business in Colombia is cooperating closely with the government on subregional economic integration planning. Present evidence is that such support will remain vigorous.

What lies ahead for the Andean Agreement is putting the Agreement into operation. That is proceeding. The organization of the Andean Commission, its Board and technical staff is picking up speed. The first trade effects of the Andean Agreement should begin to show themselves this year. In April the members of the Andean Agreement are scheduled to eliminate all restrictions to trade of items (mainly agricultural products) on the Common List of the Latin American Free Trade Area. Other intra-zonal tariff eliminations or reductions are scheduled to begin at later periods.

Movement will accelerate

Although the movement toward economic integration will probably be slow at first, it is now starting and is due to build up. U.S. businessmen interested in trade and investment in Colombia and other Andean countries will do well to keep an eye on economic integration developments.

Notwithstanding the relatively high GNP growth rate in 1968 and 1969 and notwithstanding the economy's current strong pace, urban unemployment is growing. A recent study of the National Planning Department calculated urban unemployment in 1969 at 13.5% of the active working force. It projected a steady increase in the unemployment rate over the next several years, which would take the rate to 15.3% in 1972 in the absence of measures to reverse the trend.

One may challenge the accuracy of the statistics and the precision of the projections; unemployment data in Colombia are admittedly faulty. However, all acknowledge the seriousness of the problem, the social stress inherent therein, and the need to do something about it. At the request of the Government the International Labor Organization sent a mission to Colombia in February to prepare a pilot employment study. The Colombian Government has prepared studies of its own and is examining new means of attacking unemployment.

It seems evident that the Government must give deep attention to unemployment and must search for means of alleviating this economic and social hazard. A still higher growth rate than in 1969 is one apparent answer. The employment policy that presumably will evolve can be expected to have important ramifications for both employers and workers. This is something for those interested in the Colombian economy to watch for, not immediately perhaps, but with an eye to the future.

Implications for U.S.

As earlier discussed, the Colombian Government expects to license an appreciably larger value of commercial imports in 1970. Foreign suppliers also will find that their customers' license applications will be processed more rapidly. There may be some further trade liberalization as the year advances, especially if the country's international reserves continue to grow. This could take the form of additions to the free list of items not subject to prior license approval, although the fact that the list was expanded as recently as mid-March reduces the probability of further change in the early future. Liberalization in the form of reduced prior import deposits is more likely. The outlook is very favorable for new AID loans in 1970, which will insure continuance of AID-financed imports from the United States. Because of the higher import levels, however, AID-financed imports will form a smaller percentage of Colombia's total imports from the United States in 1970 than they did in 1969.

Market opportunities are good and growing. As always, U.S. suppliers will encounter stiff price and credit competition from other suppliers, especially the Western European countries and Japan. Notwithstanding the competitive pressures there seems to be no reason why the prominent position the United States has gained in the Colombian market should not be maintained.

The Colombian economy is expanding, and it shows signs of continuing its upward curve for some time yet—barring some hard shock or upset. This implies a prosperous business situation immediately ahead—not only larger import markets but also larger domestic sales and greater profits as a result of greater sales volume. It looks, too, as if the business community will enjoy a fair measure of price stability.

The improved and still-improving balance of payments position should mean easier foreign exchange remittances. Domestic credit availabilities, on the other hand, might get still tighter as demand increases and as the monetary authorities pursue measures to restrain too fast an expansion of the money supply. Such a development could slow down collections in some areas; it could also increase the private sector's demand for short term external borrowing. The coming months will not be without certain challenges and problems for the trader and investor, but the broad reading is for a good business situation for much, if not all, of 1970.

COLOMBIA'S INCREASING TRADE has required improvements in the transportation network. Here, workers paint a ship at the Port of Santa Marta, the Caribbean terminus of Colombia's Atlantic Railroad.

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TRADE OUTLOOK FOR COLOMBIA

Record level of imports appears likely in 1970; slow decline in U.S. share was halted last year

Recent additions to list of free imports includes many products in which the United States is highly competitive

By HAL RYERSON
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The stronger international reserve position, improvement in Colombia's balance of payments, high coffee prices, increased minor exports, and general political and economic stability indicate a record year for Colombian imports in 1970. Colombia had the highest licensing levels in history during 1969. Import license registrations for 1969, including both reimbursable ($638 million) and non-reimbursable ($117 million), totaled $755 million. An estimated 20% increase is projected for 1970. Given a favorable world coffee price and the ability of the country to meet its minor export goals, there is no reason why this figure will not be reached.

The slow decline in percentage of total licenses for U.S. products, a characteristic of the years since 1965, was halted in 1969, and the 1968 level of 45.6% was maintained. In dollar terms the U.S. share rose from $287.7 million in 1968 to $347.9 million in 1969, an increase of 21%. The same percentage of estimated total imports, if maintained in 1970, would mean more than $50 million dollars of additional business for American exporters.

AID Program Loan financing accounted for $97 million of total registrations, or 12.8%. Continued AID assistance is contemplated in the 1970 import budget by the Institute of Foreign Trade (INCOMEX), although negotiations for a possible new loan have only just begun. The AID Program Loan procedure has been an important instrument in maintaining the U.S. position in the Colombian market.

The projected increase in total exchange available for imports during 1970 is a challenge American exporters should meet head-on. The continued increase in the import budget reveals a greater availability of licenses from which American exporters should benefit. However, the competitiveness of European and Japanese suppliers, plus the elimination of the additionality provision of AID Loans, mean that the U.S. exporter must make an extra effort to hold his market share. Among other things he will want a close identification with the market through capable representatives, or his own organization in Colombia.

Terms must be competitive

The U.S. exporter also must take note that highly competitive credit arrangements are being offered by other governments through both private and government banks. Potential exporters should be versed in the new and more flexible programs of the Export-Import Bank, and should watch the public bids for machinery and services that will be issued as Colombia's economy continues to grow.

There have been changes in prior deposits and customs duties, and the authorities are constantly revising them.

DEMAND FOR POWER has grown faster than anticipated because of the rapid expansion of Colombian industry and agriculture. Below, a hydroelectric plant on the Anchicaya River. (World Bank)

A healthy step within the context of Colombian foreign trade, as well as of significance for the American exporter, is the recent increase in the free list of imports by an approximate 6% of total licenses, based on 1968 figures. This brings total items on the free list to roughly 25% of total reimbursable licenses approved during 1969. Of the additions to the free list, the U.S. percentage of 1969 licenses comprised 52.4%, and of the combined old and new lists, 47.5%, indicating that the United States is highly competitive in the free list products. Those products on the additions to the free list with 1969 licenses exceeding $1 million dollars include phosphorus pentoxide and phosphoric acid for fertilizer industries; hot-rolled steel sheets and plates of more than 4.75 mm. thickness; cylinder blocks, sumps and heads; carburetors; other piston rings; automatic exchanges and switchboards; helicopters and parts; parts for aircraft especially designed for soil fumigation, and mechanically propelled multiple-engined aircraft with take-off gross weight of over 4,500 kilos; pigments with a basis of titanium dioxide; connecting rods and pistons; lifts; industrial sewing machines; and parts for other motors. Exporters can consult the Department of Commerce to obtain the listings of all free import products.

Companies without heavy exposure in Colombia may wish to look into the possibility of entering the Bogota Trade Fair of 1970, which takes place from July 10-26. They may want to consider especially the introduction of items for which import licenses are not required. Another suggestion is the presentation of products through trade missions. With the continued growth of the Colombian economy the possibility of doing business is accentuated.

Exports have shown a notable increase, particularly those classified as minor (other than coffee and petroleum). Such minor export registrations increased from $126 million in 1967 to $171 million in 1968, with an additional increase of 19.9% to $205 million during 1969. This figure, coupled with about $410 million of major exports, totals approximately $610 million. With coffee expected to maintain its present price levels for some months ahead, the outlook for foreign exchange availabilities is bright.

Foreign investment approvals (exclusive of petroleum) during 1969 showed a $5 million increase over 1968, moving from $20 million to $25 million, but this still is not an imposing figure. One major reason is that the extractive industries have not been developed to the extent they have in Peru, Chile, and elsewhere. There is, however, an important invest-

ment proposal under negotiation for nickel mining. This investment alone would total over $50 million of foreign capital.

Petroleum continues to be the largest single investment area in Colombia, followed by manufacturing. Foreign investment is given the same treatment under law as national investment, though controls on remittances of earnings, royalties and technical service fees put Colombia at a disadvantage vis-a-vis some other prospective investment areas of the world. One major and critical change under consideration by the Government is the elimination of process patents and a change in the "presumption" clause in the Commercial Code which might put the burden of proof on the person whose patent is infringed rather than on the infringer, as is now the case. If such legislation is enacted it would inhibit certain companies from expanding present operations, or new companies considering Colombia as a likely country in which to invest.

The Andean Bloc, or subregional economic integration between Colombia, Ecuador, Peru, Bolivia and Chile moves forward. Although still in its incipient stage, the recent meetings in its Lima headquarters indicate that the movement could well become an economic force in years ahead. Many of the crunch problems must still be ironed out, but American exporters, investors and manufacturers should keep advised of its progress for future market development, or the possible threat of market loss because of shifts to interzonal trade. As always, prospective investors should weigh the comparative incentives and disincentives before making the investment leap.

Colombia has achieved a high degree of economic and political stability, and is manifesting an impressive GNP growth rate: 5.8% in 1968, an estimated 6.5% or so in 1969, and a projection of 7% or more for 1970. The outlook appears bright both from a trade as well as an investment standpoint. Production of coffee remains relatively constant but at considerably higher prices than in early 1969. Other exports are increasing in tonnage and in total value. Manufacturing activities are expanding. A construction boom is in progress. Prices have been held down to a respectable (for Latin America) 7.5% annual increase at the consumer level.

In sum, a spirit of confidence prevails, with local and international businessmen looking for a banner year during 1970. With concentration on an expanding market the U.S. exporter should account for the percentage of total imports he has enjoyed in the past, despite increased competition.

Steady growth in export earnings lets Chile buy more from abroad; intensified sales efforts needed

Recent market developments will test flexibility of suppliers; high copper prices, end of drought lessen need for aid

By CALVIN C. BERLIN
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Exports from the United States to Chile in 1969 reached a record value of $314 million, a slight increase over the previous record of $307 million registered in 1968. Chilean import data for the first seven months of 1969 show U.S. suppliers as holding 36.1% of the total import market, down slightly from the 38.4% share they held in 1968. This drop was possibly due to the U.S. port strike.

Final figures for 1969 should show the U.S. share to be in keeping with the 38 to 40% average annual U.S. share of the past five years. West Germany, the nearest competitor of the United States, should continue to hold an 11 to 12% share. The record values of U.S. exports to Chile in the past two years thus reflect a growth in the total Chilean import market rather than an enhancement of the competitive position of U.S. exporters.

In recent years, U.S. exporters received a helping hand from the considerable program of U.S. economic assistance to Chile in the form of PL-480, AID credits, and Export-Import Bank loans—the latter having been an important source of financing equipment needs for the country's expanding copper, steel, and petrochemical industries.

Smaller aid sales

The termination of the disastrous two-year drought and sustained high world copper prices have now apparently lessened the need for economic assistance, while the import needs of the copper expansion program promise to taper off as construction progresses toward the stated goal of doubling copper production facilities by 1973. U.S. exporters are thus progressively being faced with the need to depend more largely on traditional commercial financing and selling techniques to maintain their share of the Chilean import market.

Other important developments that will test the flexibility of U.S. suppliers in meeting the changing requirements of the Chilean market include the country's recently initiated Andean Market commitments; growing trade relations with the nations of the Western Pacific, particularly Japan; the increasing scope of "Chileanization" of the mineral, public utility, and certain basic industrial sectors; rationalization and local content programs affecting such important industrial sectors as automotive production; agricultural changes generated in part by the land reform program; and Chile's desire for developing more export-oriented as well as import-substitution industries. Each of these developments will in varying degree affect Chile's participation in foreign trade, and, consequently, the role that U.S. suppliers will play in that trade.

Chile market is microcosm

In many respects the Chilean import market is but a microcosm of the challenge that American exporters must meet in Latin America and other areas of the world if they are to expand or even maintain their current market positions. The Andean regional market, of which Chile has been a leading proponent and which is fast becoming a reality, will doubtlessly offer new trade opportunities along with certain market disruptions.

It follows, however, that the same trade opportunities will be open to European, Japanese and other industrial suppliers. Chile's all-out participation in Japan's Expo-70 is symbolic of the country's growing trade relations with Japan, whose copper and iron ore purchases increased from $55 million in 1964 to well over $100 million in 1968 and may approach $200 million in 1970. To date, Japan has not significantly increased exports to Chile ($12 million in 1968), but the potential competition offered by Japan must be considered by American exporters.

The Chileanization program has resulted in Government purchase of a majority share of the country's largest copper production facilities, with increased government ownership programmed for the

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SANTIAGO IS BUILDING a subway system that will require considerable amounts of imported equipment, but U.S. exporters will face stiff competition. Above, a view of Santiago from San Cristobol Hill.

future. The Government is also the majority shareholder in the steel industry and is participating in numerous mixed government-private industrial enterprises through the holdings of CORFO, the National Development Corporation. A government entity, Petroquimica-Chilena, is responsible for development of the petrochemical industry, and is actively carrying out important petrochemical projects in consortium with private foreign enterprises.

State entities to import more

The broadening scope of the Government's participation in the mineral, industrial, communications and power sectors naturally implies that a greater share of the country's imports of capital goods will be purchased by state-owned or controlled entities. Imports by government and semi-official agencies in 1967 totaled nearly $207 million, about 29% of total imports that year. To meet the requirements of government procurement and compete effectively, many U.S. firms will need to give special attention to their local representation, financing policies, and selling techniques in general.

For several years Chile has fostered import-substitution industries through barriers to imports of consumer goods and special concessions to facilitate the importation of production machinery by selected new industries. Last January the Government announced a new trade liberalization policy, which has the announced aim of stimulating local industry to greater efficiency in order to improve Chile's competitive position in the LAFTA and Andean Common Market. The trade liberalization will be applied gradually, but is expected to generate some $35 million in additional imports (mostly consumer goods) during the current year.

Sales hit billion dollar mark

The steady growth of Chile's export earnings, from $688 million in 1965 to an estimated value of over $1 billion in 1969, should provide the wherewithal for maintaining a high level of imports. Since the GNP once again appears to be enjoying real growth, on the order of 4-5% in 1969, there should also be a continued demand for machinery and equipment for industrial expansion and re-equipment. Machinery and transport equipment currently accounts for about 50% of Chile's total imports, and constitutes about 60% of the total U.S. exports to Chile.

Of interest to U.S. exporters are the Government's plans for further development of the petrochemical industry and the excellent prospects offered for selling equipment for processing and forming plastics. The new Petro-Dow polyethylene-PVC complex should be producing at an annual rate of 15,000 tons of PVC by the end of 1970, enough to supply the local market.

The Government's plans for further national integration of automotive production indicates an increased demand for equipment to produce automotive parts and accessories. Large scale expansion programs are also under way or envisioned for the telephone system, airport communications and control systems, electric power production and distribution, metal processing and fabrication, public transport, and iron ore extraction and processing.

Santiago subway system

A subway system for Santiago is in the advanced planning stages. In that the French are providing much of the technical assistance for the subway project, U.S. exporters will face stiff competition from French firms for eventual equipment purchases.

The Chilean textile industry is well-developed but offers a continuing market for new equipment and modernization of plant facilities, including airconditioning equipment. There is also a need for both technical assistance and equipment in such areas as water processing and desalinization, food processing, and manufacture of industrial chemicals.

Although Chile has not been able to check the rapid pace of inflation, currently running above the nearly 30% annual rate of last year, and the September presidential election adds an uncertain note to the political scene, the near-future prospects are good for a continued expansion of the country's imports. How U.S. suppliers will fare in this market will depend in large part on how much attention the would-be exporter is willing to devote to the market.

Perhaps the most important single task of the exporter is to give careful attention to the selection of local representation, making the selection, if possible, by a personal visit to Chile. Good local representation can keep the supplier informed on the changing local market conditions and maintain the needed contacts with prospective customers. As Chile is somewhat distant from the major U.S. trade routes, the market is not always given the attention it merits by U.S. exporters.

Spain near inflation straits

Last year's 7.8% GNP growth was beyond the rate considered compatible with equilibrium

This will be a difficult year for the Spanish economy. After two years of only moderate expansion, the economy returned in 1969 to a pattern of vigorous growth. By the final quarter of the year, however, this expansion had clearly passed the safe limits of stability.

The gross national product grew 7.8% in 1969, reaching a level of about $28 billion at the end of the year. The Second Economic Development Plan for 1968-71 established an average annual growth target of 5.5% as compatible with internal and external equilibrium. Thus, as the rate of expansion rose to perhaps as high as 9 or 10% in the final months of the year, there was a serious deterioration in the balance of payments and evidence of increasing inflationary pressures on domestic prices.

The semi-annual Economic Trends Report from the U.S. Embassy in Madrid points out that the United States was able to take advantage of the rapid expansion of the Spanish import market in 1969. According to preliminary Spanish figures, U.S. sales to Spain rose to $728 million (CIF) in 1969, an increase of 23% over 1968. This rate of increase was somewhat larger than the over-all 20% expansion of Spanish imports, and the U.S. market share rose from 16.8% in 1968 to 17.2% in 1969. The United States continued to rank as Spain's largest supplier of imports. The United States was also the largest market for Spanish exports in 1969, after extremely rapid growth in 1967-68. Spanish sales in the United States were only slightly above the 1968 level at $285 million.

Import market still growing

The Spanish import market should continue to grow in 1970, although at a reduced rate, and there will be opportunity for continued expansion of U.S. sales. Current Government efforts to brake the domestic economy should cause some leveling off of import demand during the next several months. In fact, should these measures not have the desired effect on imports, the Government might resort again to the various administrative measures available to it to delay imports. There were frequent reports at the end of last year of long delays in the issuance of import declarations.

Capital goods accounted for 34.9% of U.S. sales to Spain last year and grew by 21.5% over 1968. The United States remains a major competitive source of the modern plant equipment which Spain requires to carry out its industrial modernization.

However, some decline in the rate of private domestic investment now seems likely during the coming months. This development may make it difficult to expand substantially U.S. sales of capital goods to Spain in 1970. In addition, the announced postponement of Government investment projects could affect U.S. sales of heavy earthmoving equipment and other public works machinery during the current year.

The near-term outlook for U.S. sales of corn to Spain ($343 million in 1969) is also somewhat uncertain.

After nearly three years of intensive negotiations, Spain now hopes to sign a trading agreement with the European Community within the next few months. The Spanish Government views this agreement as the first step toward a much closer economic relationship with the European Community.

Thus far, Spain and the EC have announced only the general outline of the agreement. However, on the basis of this fragmentary information, it appears that the agreement could have an important effect on the development of both Spain's foreign trade and the domestic economy over the next several years.

Under the prospective accord, Spain will receive tariff preferences ranging from 40 to 70%, staged over five years, on a variety of industrial and agricultural (primarily citrus) products in the Community Market. In return, Spain will grant the EC tariff preferences of from 25 to 70% (the average preference will be about 25-30%) on many industrial products. Spain will stage its preferences to the European Community over the full six-year period of the agreement.

It is not yet possible to assess in any detail the implications of this agreement for U.S. trade, since none of the lists of products on which the various preferences will be granted are now available. In some cases, Spain will grant preferences to the EC on goods for which the Spanish tariff is already low or on goods, such as civil aircraft, where the United States has a particularly strong competitive advantage. In addition, both parties will have an exceptions list of products on which no preferences will be given. The Spanish list of exceptions is reportedly quite lengthy.

However, if the agreement does come into force, it will undoubtedly have an effect on the relative competitiveness of some U.S. products in Spanish markets. On the other hand, if the agreement does prove to be only the first step toward a deep economic integration with the EC, it could provide a major stimulus to Spain's growth and modernization. Thus, over the longer term, there could be benefits to the United States from Spain's more rapid development and greater participation in world trade.

U.S. private investment

According to the incomplete Spanish Government figures available, there was a decline in U.S. private direct investment in Spain in 1969 for the second successive year. U.S. authorized investments (those of more than 50% participation in Spanish firms) declined from $29.5 million in 1968 to $19.6 million in 1969. This rate of decline was less, however, than the 45% decline in total authorized investments from all countries, which amounted to only $61.4 million in 1969. Moreover, the Spanish data do not include the often very important U.S. investments of less than 50%.

Nevertheless, this decline has become a major concern of the Spanish Government. Spain continues to need large amounts of foreign investment both as an aid to the balance of payments and to supplement domestic savings. The Government also recognizes that foreign investment is Spain's only source of the advanced technology which the country cannot afford to develop for itself.

The Spanish investment outlook improved markedly in 1969, and domestic private investment rose sharply. It may be that foreign companies, which need a somewhat larger lead time for investment projects, were simply slow in responding to the improved investment climate. However, the increased costs of capital in 1969 undoubtedly caused some foreign companies to cancel or postpone investment projects in Spain. Local observers point out that the large-scale flow of capital into the United States had a major impact on capital availabilities throughout Europe.

However, both the Government and

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private interests are displaying a somewhat greater selectivity in their attitudes toward specific foreign investments. For example, with the balance of payments costs of royalties, dividends, etc. rising rapidly, the Government is increasingly concerned that Spain not import technology which it does not need or could provide itself. While private attitudes toward foreign investment remain generally favorable, there has been some concern in recent years about possible foreign domination of certain industries such as pharmaceuticals and chemicals. The Government has recognized this concern by restricting foreign access to these industries.

An additional element of importance in the outlook for U.S. and other foreign investment is the fact that the last ten years have seen an extremely large influx of foreign companies into Spain. Thus, many of the projects of greatest interest to foreign companies have now been taken.

In addition, rising costs and the continuing official limitation on corporate dividends (imposed under the 1967 post-devaluation austerity program) may have reduced the potential profitability of investment in Spain. Over the longer-term, however, the Spanish economy has a demonstrated capacity for vigorous growth. The continuing large increases likely in private income and the possibility of access to the European Community should provide major incentives to U.S. direct investment in Spain.

There was a sweeping revision of the Spanish Cabinet in October 1969, and an almost entirely new team of ministers is now shaping Government economic policy. The new Cabinet has publicly recognized the dangers of overexpansion. Over the past several months the Government has adopted a series of measures to restrain the growth of demand and bring the over-all rate of growth back down to a sustainable level. However, at this point, it is impossible to assess the actual impact of these measures, and any forecast of basic trends in the economy over the next several months must be exceptionally tentative.

Forces of expansion

Spanish industry has led the expansion of the economy with an 11% real increase in output in 1969, and a 15% advance in the general index of industrial production. There has been a rapid absorption of the unused plant capacity, underemployed labor, and stocks which Spanish industry had accumulated during the 1967-68 slowdown.

The services sector has also grown rapidly with an 8.6% increase in real output in 1969. Spanish agriculture was a major force at the beginning of the expansion in late 1968, but agricultural output actually declined slightly (1.3%) in 1969. Of even greater concern during a period of increasing balance of payments troubles was the $123 million widening of the agricultural trade deficit. On the other hand, the over-all export sector was a major expansionary force in 1969, and despite the sharp rise in domestic demand, Spanish exports rose by 19.6%.

One of the most dynamic elements in the 1969 economic performance was the strong recovery of private investment from its slump of 1967-68. Gross asset formation rose by a remarkable 13.5% in real terms, and industrial investment increased by 13.8%. There was also a marked increase in private consumption spending, which rose by 7.2% in real terms in 1969. In addition, public sector spending had a decidedly expansionary impact on the economy. Central Government outlays totalled 345,000 million pesetas, an increase of 11% over 1968.

By mid-1969, it was apparent that the economy was growing too rapidly. As in earlier periods of rapid domestic expansion, the balance of payments quickly began to show signs of deterioration. Imports rose in a sharp curve through the year, and total imports in 1969 were 20% higher than in 1968. Although exports also increased by 19.6%, Spain's long-standing trade deficit widened by some $400 million to $2,332 million for the year.

The basic balance of payments, which had recorded a $325 million surplus in 1968, slipped to a deficit of roughly $100 million in 1969. Moreover, Spain continued to lose large amounts of short-term private capital. As a net result, official reserves fell by $262 million in 1969, and at the end of the year reserves stood at $832 million—the lowest level since 1961.

Despite the extremely rapid growth of the economy, the domestic price level remained relatively stable through most of 1969. This was largely due to major productivity gains attained from the utilization of the large overhang of unused capacity which existed at the beginning of the expansion. Official estimates place the GNP price deflator for 1969 at 2.7%, down from the 3.5% of 1968 and far below the 6.0 to 8.0 levels of the 1964-67 period. The cost of living index rose by only 2.2% from December 1968 through December 1969, while the wholesale price index recorded this same low rate of increase.

However, as several key industries approached full capacity in the final months of 1969 and early 1970 and domestic demand continued to rise rapidly, a supply/demand gap began to emerge in several sectors. At the same time, inflationary pressures have arisen from rapidly rising wages and other production costs. Despite the 5.9% ceiling on 1969 wage increases, Government figures place the average increase in wages for the year at some 10-12%. The Government has retained wage controls for 1970, but these are more flexible than last year.

It is unlikely that wages will increase any less in 1970 than the 10-12% rate of increase of last year. Should there be a substantial increase in price levels, wages could rise even more than in 1969.

The Government has abandoned for 1970 its attempts of the last two years to maintain direct controls over all prices. The new price policy establishes a number of categories of goods subject to various degrees of control. The controls are most severe in the cases of certain foodstuffs and other basic commodities of major weight in the cost of living index. The over-all effect of the new policy is to give a substantially greater degree of price flexibility throughout the economy.

At this point, it appears almost certain that prices throughout the economy will rise substantially more this year than in 1969. If the 1969 expansion continues unchecked, Spain could face serious inflationary problems over the next several months.

Tight money policy

Because of the inflexibility and general inadequacy of Spain's fiscal system, the Government has had to rely on monetary policy as its first line of defense against

Market is favorable

The market for U.S. products in Spain should remain generally favorable. The Spanish economy has a continued potential for vigorous growth, and the United States should continue to be a major supplier of the raw materials, semi-manufactures, and capital equipment which Spain will need in large quantities.

However, the Spanish market is becoming increasingly competitive. Not only are other foreign producers intensifying their sales efforts in Spain, but Spanish manufacturers themselves are becoming increasingly competitive with imports in several lines of products.

economic overheating. It has continued for 1970 the 18% annual ceiling on new bank credit established by the previous Cabinet in September.

The Government has also taken a number of other steps to reduce private sector liquidity. The Bank of Spain has restricted access to various of its special rediscount facilities. In addition, since last July there have been two increases of one percent each in the Bank of Spain rediscount rate and most of the officially controlled private bank rates. The most recent of these took place in March, and the Bank of Spain rediscount rate is now at 6.5%.

Given a continuation of present Government policies and low bank liquidity, credit should grow substantially less in 1970 than the 21% of 1969. This increased scarcity of credit should have an important restraining effect on the entire economy. But its impact will be heaviest on private investment. While there are no current data, official and private sources report that private investment has begun to level off somewhat after its rapid expansion of last year.

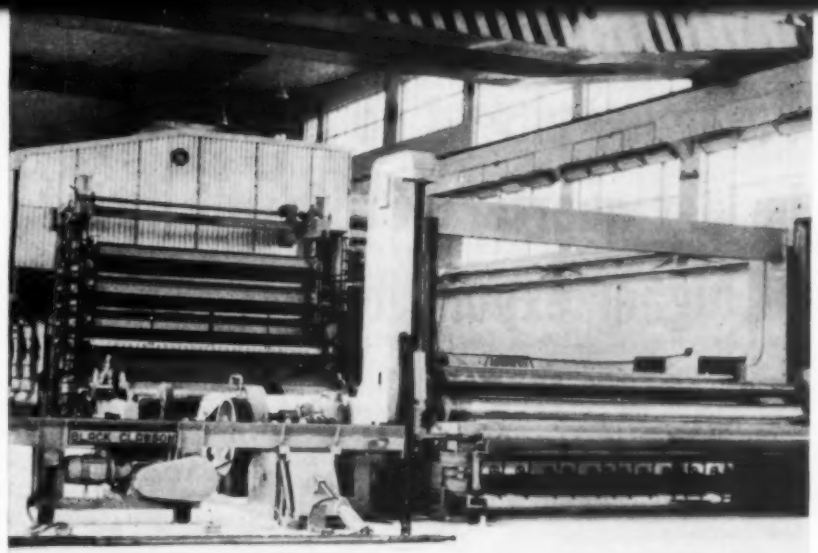
If the Government maintains a tight monetary policy through the next few months, some decline in the rate of private investment from the high level of last year will be inevitable. Indeed, some officials are already alert to the possible need to loosen monetary restraint later in the year if the decline in investment becomes too abrupt.

Postponement of spending

The Government's new economic policy team inherited a 1970 central government spending budget of 309,700 million pesetas ($4.42 billion), a 12% increase over 1969. The expansionary nature of the budget at a time of obvious need for fiscal restraint generated considerable criticism in both the public and private sectors. However, the budget had already been submitted to the Cortes, and the new Cabinet elected not to withdraw it for revision. But the Minister of Finance did stress publicly that the Government would revise its spending plans as necessary to maintain stable economic growth.

In February, the Government announced an indefinite postponement of 10% of planned central government spending. The Government is confident both that it can enforce this spending postponement and that it will have a major deflationary impact on the economy.

As the experience of 1969 again demonstrated, the balance of payments is the point of greatest vulnerability in the Spanish economy. Balance of payments prospects for 1970 are almost entirely dependent on the success of the present Government effort to restrain domestic demand. Should this effort fall short, or its effects on import demand be delayed, the outlook for balance of payments equilibrium in 1970 would be dark. Earnings from exports, tourism, remittances, and long-term capital are simply not growing rapidly enough to cover continued large increases in the import bill.



CAPITAL GOODS accounted for almost 35% of U.S. sales to Spain last year, and grew by 21.5% over 1968. Above, paper machinery imported by SNIACE, a Spanish pulp producer.

In December, the Government imposed a 20% pre-deposit requirement for all imports. The measure requires that 20% of the CIF value of imports be deposited with the Bank of Spain before the Government will grant an import license or declaration. The Bank holds the deposits for six months and pays no interest on them. The system is scheduled to expire in December 1970 but could conceivably be extended.

Imports still rising

Thus far, there is no clear evidence that the Government's general measures of economic restraint and this new import deposit system have caused any slackening of demand for imports. Indeed, imports for the first two months of 1970 were 26% higher than the same months of 1969, continuing the accelerating trend of the past several months. The deposit system may have a greater impact in the next few months, particularly if the domestic credit squeeze becomes more intense. However, the level of import declarations, for which the deposits have already been paid, is now running at a level above that of the same period last year.

There was also a healthy 22% increase in exports in January and February as citrus exports rose substantially over 1969. But the critical trade deficit was 30% larger than in January-February 1969.

Despite this widening of the trade gap, Spain's official reserves actually increased by about $40 million in the first two months of this year—a marked improvement over the $31 million lost during the same period of 1969. There may have been some increase in earnings from tourism, remittances and long-term capital flows.

But a substantial inflow of various types of short-term private funds was apparently the major factor in the increase in official reserves. For example, the low level of liquidity prevailing in the private sector has reportedly prompted a return of some of the short-term funds lost over the past three years. In addition, some foreign exporters are sending in foreign exchange to pay the 20% deposit on goods they are selling in Spain.

However, these large inflows of short-term funds cannot be counted on to continue over the coming months. The latest increase in Spanish interest rates does narrow the gap between domestic rates and those prevailing abroad, and there is some hope that this should reduce the attractiveness of foreign capital markets. But a more important determinant of short-term capital movements will be the level of public confidence in the Government's efforts to bring the economy under control. A continued rise in the trade deficit could stimulate renewed losses of short-term funds.

At the end of February 1970, Spain's holdings of gold and convertible foreign exchange totaled about $874 million.

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Paraguay picked up economic pace in last quarter of '69 with help of higher export, tourist earnings

First balance of payments surplus in four years is likely; U.S. should be able to maintain market dominance during 1970

Economic activity in Paraguay began picking up in the last quarter of 1969. An unexpected upturn in the value of exports and increases in foreign exchange earnings from tourism along with a continuation of economic assistance gave the economy a boost that has carried over into 1970.

The semi-annual Economic Trends Report from the U.S. Embassy in Asuncion observes that the permanence of this trend must be tested in the remainder of this year. If Government moves to improve Paraguay's trade and balance of payments positions are successful, the country should have a balance of payments surplus in 1970 for the first time in four years.

The proposed infrastructure projects for which loans have been granted or are being sought offer interesting possibilities for U.S. business. Competition for these projects—particularly from the Japanese and West Germans—is keen, but the deciding factor will be terms. The most immediate opportunities are those offered by the $26 million IDB Trans-Chaco paving project, the $6 million World Bank road maintenance project, and ANTELCO's interest in a $2.5-$5 million satellite earth station. An ANDE rural electrification project is underway on a small scale. Complete rural electrification will probably await the construction, at an estimated $11 million, of a new dam and generating facility tentatively planned for 1972.

The National Wheat Program has moved for the time being from the extensive stage which required a large equipment input to the intensive stage which will require increasing larger fertilizer and pesticide inputs. Equipment purchases which had been extensive during 1969 will probably taper off during 1970 but may pick up again prior to the 1971 planting season.

Full exploitation of Paraguay's opportunities in exporting finished hardwood products awaits a sizable investment of capital. Several local businessmen have indicated an interest in manufacturing and exporting sawn lumber, plywood, particle board, furniture parts and furniture. Paraguay is requesting a U.S. sugar quota when the present legislation expires at the end of 1971. The country's sugar production has been scaled down to satisfy domestic consumption, and should Paraguay be granted a quota, investments in milling equipment and other improvements will be necessary to increase production and meet U.S. standards.

Other opportunities available

Hotel construction has barely gotten under way and will probably lag behind demand for some time to come. There will be opportunities in this field as well as other tourist related activities such as hotel, restaurant and catering equipment, airconditioning and hardware and plumbing fixtures, for some time to come. The recently completed Krupp-built cement plant has been in operation for several months and most of the plant's output is supplying extensive construction going on in Asuncion. The presently under-developed market for cement related products and technology, e.g., cement blocks and pipes, will offer increasing promise. Low cost, rebuilt U.S. equipment for bottling, canning, and packaging should find buyers.

The industries of interest to potential U.S. investors in Paraguay include the following: Agricultural production; agricultural services and hunting and trapping; food and kindred products; lumber and wood products, except furniture; furniture and fixtures; paper and allied products; stone, clay, glass, and concrete products; machinery, except electrical; electrical machinery, equipment, and supplies; transportation equipment; water transportation; and hotels, rooming houses, camp, and other lodging places.

Prospects in the foreseeable future are good for the continuation of a favorable investment climate in Paraguay. The Government seeks foreign investment and its foreign investment law provides liberal investment incentives.

Paraguay's present political stability and its positive official attitude toward foreign investment are offset by a number of negative factors. The country's land-locked location and dependence upon the capricious river transportation system add to the cost of its imports and place its exports at a price disadvantage. The domestic market is restricted by the size and purchasing power of its 2.3 million population. Per capita growth of its economy is offset to a very large extent by population increases. High interest rates and restrictive fiscal policies, designed to curb inflation and maintain the guarani at present levels, limit the availability of investment capital. Increases in government expenditures have negated increased revenues. The country continues to record trade deficits, complicating the servicing of rising levels of external debt.

Primarily as a result of cyclical increases in world-market prices, however, the fourth quarter of 1969 saw an unexpected upturn in the value of exports, a trend which has continued into 1970. Last year's record 110,000 tourists spent between $13-15 million—an amount equivalent to about 25% of the country's exports for the year. Cash flows from a sizeable new external loan package should temporarily ease pressures on international reserves. In fact, reserves which had declined during 1969 have increased during the first months of 1970.

As a result of poor trade performance and declining reserves during the first three quarters of 1969, government policy makers have been made aware of the need to take positive steps to improve the country's trade position and utilize efficiently its scarce foreign exchange. At this point the downward trend which characterized

U.S. is market leader

Imports from the United States increased by 23.1% during 1969 compared with an increase of 14.4% for all imports. U.S. products, especially machinery and motors, are very popular, although they encounter formidable competition from European and Japanese products which are offered under more favorable arrangements.

The United States had the largest share of the market in 1969 and should be able to maintain this position during 1970. In fact, should present world market demand for Paraguay's exports continue throughout the year, the country's ability to absorb imports should increase.

1969 has been turned around—at least temporarily.

Because the presently improved economic situation is the result of exogenous conditions, not government nor private sector efforts, the establishment of a definite upward trend must be tested during the coming year. The crucial element, therefore, will be the government's determination to strengthen the country's exports and improve its balance of payments position.

January 1970 trade data, the latest available, suggests the possible continuation of higher prices for export commodities during 1970. In fact, should the present price and demand trend continue for a substantial part of the year, the deficit, which stood at $13 million at the end of 1969, could be reduced to approximately $7 million by the end of 1970.

Balance of payments

In late February, the Eonomic Coordinating Council enacted a number of banking, monetary, fiscal, and administrative measures designed to improve the country's balance of payments. The most significant of these measures are directed toward export promotion and include provisions for the gradual reduction of high export taxes and fees, the complete elimination of export levies on non-traditional exports, and the easing of export financing.

Success of the government's efforts should in the long run put the country's foreign trade on more solid ground, free from the vagaries of fluctuating world price and demand. In the short run, a reduced trade deficit in 1970, combined with anticipated surpluses from other areas of the economy, particularly tourism, will mean a balance of payments surplus for the first time in four years.

Dramatic increases in tourism continued in 1969 during which 110,000 tourists spent between $13 and $15 million in Paraguay. It is difficult to develop precise data concerning tourist expenditures because different government agencies and local travel agents disagree in their estimates. It is clear, nevertheless, that tourism, now the country's most important foreign exchange earner, is increasing.

At one time tourism was seasonal—the peak period being the winter months in Argentina. New road links with the population centers of southeastern Brazil and improved connections with Argentina have made tourism a year-round activity. Tourist industry authorities and government tourist officials anticipate that this trend will be sustained during 1970 and result in foreign exchange earnings of about $25 million during 1970—an amount equivalent to nearly one-half of the value of the country's commodity exports in 1969.

The Government is presently placing high priority on infrastructure development, and there are a number of projects in various planning stages. A loan contract providing funds for the paving of the Trans-Chaco road from Asuncion to Filadelfia will be signed with the Inter-American Development Bank in the next few months. International tenders for the construction itself are expected later this year or early in 1971. Preliminary engineering studies in connection with a $6 million World Bank road maintenance loan will be completed within a few months and public tenders for the engineering and equipment component of this loan are expected later this year.

Other projects in the very early planning stages include a bridge-link across the Paraguay River which will be part of the Trans-Chaco road. Brazil and Argentina have agreed to buy power from the second 45,000 kw turbine of the Acaray hydroelectric power project, which went on-stream early this year. ANDE, the autonomous government utility company, is planning a program of rural electrification and the construction of another dam and generator at Acaray. The initial quota required for accession into INTELSAT has been approved, and the Government is presently formalizing its membership. ANTELCO, the autonomous government communications utility, anticipates starting work on a satellite-earth station within the next few years, and is studying a number of proposals from U.S., Canadian and Japanese firms.

No minerals, petroleum or metal ores have been found in commercial quantities in Paraguay, and with the major exception of textile, meatpacking, wire and cement plants and an oil refinery, there is little industry. Over half the country's working population is employed in agriculture, an area toward which a major development and investment effort is directed.

The government's National Wheat Program, now beginning its third year, has increased domestic wheat production from 7,000 to 27,000 metric tons annually. There continues to be questions concerning the wisdom of making a sizeable investment of scarce resources in subtropical wheat cultivation, but the program has nevertheless achieved some tangible benefits.

Canned meat is still Paraguay's most important export commodity although this traditional export has been a poor performer since 1965. Fourth quarter 1969 increases in the prices of other export commodities also saw a significant increase in the value of canned meat exports. Industry experts are now optimistic and feel the trend will continue during 1970. Even more important perhaps than higher demand and prices for canned meat during this year, is an anticipated increase in the market for frozen meat exports. Industry and government authorities are therefore predicting an export slaughter of between 200,000 and 250,000 head, as compared with the 135,000 head slaughtered in 1969.

The finished lumber industry has been relatively slow in reacting to increasing world market demand for a number of reasons—lack of capital being the primary consideration. Graduated restrictions on log exports, recent interest on the part of foreign importers of finished hardwood products, and the willingness of local and foreign investors to make large investments in plant and equipment suggest that this industry will grow in importance in the next few years.

PARAGUAY DEPENDS on rivers for much of its transportation. Below, a bridge spans a main waterway.

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Greece continues to grow

Rate of economic expansion this year will probably be a little less than 1969's 8.3%

Greece is headed for another year of growth. The boom in construction which sparked last year's 8.3% growth rate shows little sign of slackening despite measures to curb credits for building. Production of basic metals, non-metallic minerals, chemicals and textiles is still going up. Hotels are booked solid for the summer and the services sector should benefit from an anticipated bumper crop of tourists. At the same time, since only a modest rise in agriculture is expected, and since credit restrictions for residential building and domestic trade may take hold later this year, the U.S. Embassy in Athens, in its semi-annual Economic Trends Report, is predicting a real increase in gross national product of about 5 to 6%, a little below the 7% projected by the Government.

If they proceed as planned, the Onassis and Niarchos investment programs should offer important opportunities for U.S. investment and sales over the next several years. Onassis appears determined to complete the oil refinery well ahead of the thirty-nine months contract schedule and is already selecting an engineering firm.

U.S. Steel considers expansion

United States Steel Co. is preparing a feasibility study on the expansion of the Hellenic Steel Company mill (A Tom Pappas enterprise) in Thessaloniki. The expansion, which would involve an investment of about $125 million over and above the original $45 million capital outlay, would increase annual capacity from 300,000 to 1.5 million tons. A project that was much in the public eye last year, the proposed atomic power plant for the Public Power Corp., has been put on the shelf. Negotiations with the British for this plant have been discontinued and the PPC now intends to meet its growing requirements for the next few years through thermal and hydroelectric power installations.

Private foreign investment projects approved in 1969 totaled $229 million ($227 million in 1968 and $94 million in 1967). U.S. investments accounted for only $20 million of new approvals last year, the most prominent being a $6 million soil conditioner plant by American Structural Dynamics and a $3 million glass works by Owens-Illinois. In contrast, there were $90 million in approved U.S. investments in 1968. Typically, there is a considerable, delay between investment approvals and actual implementation, and a number of projects approved before 1969 are now in the building stage.

Vigorous sales effort needed

The progress of U.S. investment projects resulted in a notable increase in deliveries of U.S. machinery and transport equipment during 1969. The two categories together rose 77% last year and represented about 57% of total U.S. exports to Greece. In 1969 total U.S. deliveries to Greece rose 42% over the previous year and, at a level of $151 million, represented almost an 11% share in total foreign sales to Greece as compared to the usual 9% share.

U.S. exports to Greece in 1970 should benefit from larger sales of corn under the CCC credit program. While expanding mining operations and investments in manufacturing will continue to require U.S. machinery and transport equipment. these categories of exports may eventually be affected by the reduced level of new U.S. investments in the 1967-1969 period.

If U.S. exporters are to maintain their improved position, they must undertake a more vigorous marketing campaign. It will be necessary to offset the long-term trend which favors Europe rather than the United States because of the willingness of European suppliers to provide suppliers' credits and because of the progressive reduction in Greek tariffs on Common Market products. The Government also favors suppliers who are willing to accept surplus Greek commodities, such as tobacco.

Greek exports to the United States during 1969 rose to $54 million, amout 13% over the previous year. Sales to the United States were, however, still $11 million be-

HOTELS ARE BOOKED SOLID for this summer's tourist season. The prospective large influx of tourists is one of the reasons that 1970 is expected to be another good growth year. Shown, the hotel Zenia in Florina.

low the record year in 1967 when deliveries of tobacco and beverages alone amounted to $44 million, about 68% of the total. Although exports to the United States of commodities other than tobacco, notably manufactured goods, have been increasing, deliveries of tobacco to the United States have dropped to about 44% of the total.

About 40% of Greece's emigrant remittances and 61% of its tourist receipts came from the United States in 1969, as compared to 39% and 56% respectively in 1968. Thus about 87% of the improvement in Greece's invisibles earnings during 1969 came from the United States.

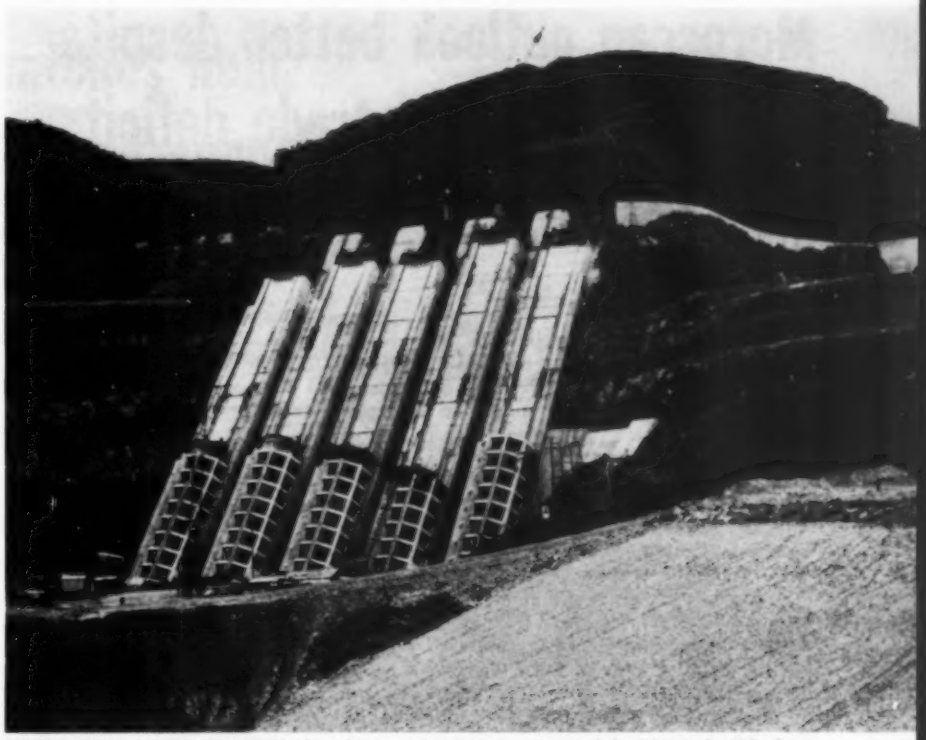
Signs of inflation

Inflationary pressures resulting from the rising level of economic activity show up in a growing import bill (up 15% last year) and a rising cost of labor. Average industrial wages and salaries rose almost 10% last year and are still going up. Industrial employment rose about 2.5% in 1969. As there has also been a marked increase in emigration, unemployment is down and labor shortages are developing in some agricultural areas.

The liberal import regime has helped keep prices fairly stable, the cost of living index rising only about 2.4% last year. A slightly higher increase is expected for 1970. Money supply increased by 15% last year and high liquidity remains a potential, but at this point somewhat remote, threat to stability.

The Government has, in 1968 and 1969, demonstrated its ability to relieve the immediate balance of payments constraint on growth without drawing down reserves. There has, however, been increasing reliance on suppliers' credits, short-term official loans and foreign bank financing, all of which are adding to the repayments burden. For 1970, financing already in sight is within about $35 million of meeting Greece's foreign capital requirements and it is likely that the additional amount needed will be found without difficulty. The financing task should be made easier this year by the addition of $17 million in IMF Special Drawing Rights, and possibly by a modest initial inflow of private capital from the Onassis and Niarchos investment projects.

The Government has adopted administrative measures to reduce Greek demand for certain foreign goods. This effort, together with the expected slight reduction in the economic growth rate, should hold the increase in imports down to about 12% this year. Exports should continue to grow, led by high sales of industrial products, especially metals. An exceptionally good tourist year is also anticipated, with receipts up as much as one-third over 1969. Shipping remittances should be up, and a substantial increase in emigrant and workers remittances will undoubtedly follow last year's record level of emigration from Greece.



SUBSTANTIALLY LARGER DELIVERIES of machinery and transport equipment helped bring the U.S. share of Greece's import market up in 1969. Above, the power intake at Kaiser's Kremasta hydroelectric project.

Official assets in gold and foreign currencies stood at $317 million at the end of 1969, and probably will not be reduced during 1970. These reserves now amount to a little under 2½ months of imports. Total foreign indebtedness at the beginning of 1970 stood at $1,702 million (post-war debt), of which $434 million was in suppliers' credits.

Pursuing its dual aim of rapid and sustained economic growth with monetary and balance of payments stability, the Government is finding it necessary to temper its development effort with certain selected deflationary activities. Through various credit policies and other administrative measures the Government is attempting to direct investment away from residential construction, slow down domestic trade, and reduce demand for certain categories of imports.

At the same time, the 1970 budget (regular and investment) anticipates a level of spending about 14% higher than in 1969. There is a good prospect that most of this year's $431 million investment budget will be implemented. Communications will be the largest item in the 1970 investment program, followed by reclamation and small community projects. The overall effect of the budget on the economy will depend largely on what domestic sources are tapped for the financing needs, estimated at $195 million, of the investment program.

Planned investments

The Government has reached agreement with Aristotle Onassis on a $600 million investment project, which is to include a 7.5 million ton oil refinery, an aluminum-alumina smelter, a thermal power station, and other industrial units. Negotiations are also proceeding with wealthy shipowner Stavros Niarchos for an investment package totaling about $200 million, including expansion of the existing Aspropyrgos oil refinery and other industrial projects. Investments under these arrangements may begin to materialize, and present opportunities for exporters, toward the end of 1970.

XUM

Moroccan outlook better despite continuing foreign trade deficit

Agricultural industries expected to offer varied import openings; capital goods will be in top demand; U.S. investments on rise

As Morocco begins the third year of its $2.2 billion Five-Year Economic Development Plan for 1968-72, the outlook for increased economic growth is very favorable. Despite a virtually chronic foreign exchange deficit, businessmen and bankers anticipate an expanding market in the near future, especially in capital goods.

The U.S. Consulate General in Casablanca has analyzed the Moroccan economy and identified various sectors offering the best prospects for U.S. businessmen.

A new $5 million Agricultural Sector Loan has recently been made available by the U.S. Agency for International Development (AID) to provide dollar financing of Moroccan imports of a wide variety of products and commodities, including agricultural machinery and equipment, food-processing machinery, fertilizers, chemicals and pharmaceuticals, tinplate, and plastics. Morocco has imported large amounts of PL-480 grain, cotton, and oil, and continues to be the beneficiary of a substantial AID program.

Firms are expanding

For the first time in many years, firms (many of them French) are expanding instead of retrenching, with new ones arriving on the scene. The number of U.S. ventures and branch offices in Morocco has risen from 46 in 1967 to 64 in 1969, an increase that is expected to continue. In the promising agro-industrial sector, seven U.S. firms are already established, or will be, as joint ventures with Moroccans. A substantial investment in the communications field, financed in part by an Eximbank loan, has been made by Aerojet-General, in association with the Moroccan Government, in the recently inaugurated Satellite Communications Ground Station.

Financing of U.S. trade and investment in Morocco is assisted by subsidiaries of two U.S. banks: the First National City Bank and the Bank of America. Continental of Chicago is associated with an established commercial bank.

New investments are projected in the pharmaceutical industry by several U.S. firms, and some well-known packers are considering establishing tomato-concentrate, fish, olive, and dehydrated-vegetable processing plants and produce-marketing firms. A notable success story is that of Holiday Inns, which has opened its very successful hotel at Marrakech and has begun construction at Fes and Casablanca, with Tangier next on the schedule.

The Moroccan Import Program for 1970 continues to reflect the partial liberalization of import controls introduced in 1967, a feature of which is a long list of industrial and consumer goods not requiring import licenses. Foreign exchange regulations, however, continue to apply to all export-import transactions. The need to allocate foreign exchange availabilities to priority imports and the policy of protecting domestic industry mean that import-license controls are likely to remain in effect for some time.

Since the durable and non-durable requirements of consumers are, generally speaking, adequately provided for by domestic production and assembly plants, the market potential for U.S. exporters lies principally in capital goods. Moroccan imports of industrial and agricultural chemicals should increase substantially in the near future.

While there is a shortage of credit in the agricultural sector, it is anticipated that equipment sales to farmers will move closer to their market potential with the increased financing being made available by the Regional Agricultural Credit Banks.

Although the Government is the biggest customer for agricultural chemicals, private farmers and cooperatives have up to now been the most important buyers of agricultural machinery. Under the Five-Year Plan, however, equipment requirements for Government-owned land will zoom upward. With the exception of modern harvesting machinery, agricultural tractors and trucks can be exported to Morocco only completely knocked down (CKD) or as parts to licensed industrial assemblers.

A spin-off benefit of renewed activity and massive investment in agriculture is an anticipated sharp increase in packing agricultural products for export and in the agro-industrial field as a whole. U.S. firms offering specialized food and packaging machinery should find a serious promotion program in Morocco well worth the effort. Many U.S. manufacturers are represented poorly or not at all, and the availability or presence on short notice of qualified sales and technical representatives is vital to the success of a sales program. Most actual or potential investors request "free engineering" in establishing equipment requirements for new or expanded plants.

The most important Government purchaser in the immediate future will be the enormous phosphate mining and fertilizer production entity, Office Chérifien de Phosphates (OCP).

Total investment expenditures projected by the OCP, by private interests, and the Government mining agency under the Five-Year Plan are $200 million for construction, transportation, and mining equipment. ESSO is carrying on off-shore exploration at Agadir and reportedly has located gas and petroleum, and Occidental Petroleum is understood to be considering the prospects.

EEC received preferences

With the concessions offered under the EEC association agreement, Morocco's pattern of trade will continue to be based on Western Europe. Although the tariff concessions granted to the EEC by Morocco were extended to third countries on a most-favored-nation basis, the EEC received preferential treatment with respect to reserved import quotas covering about 27 tariff positions. Nevertheless, the United States can still find a good market for specialty products that Morocco already buys from U.S. firms, and American businessmen might well consider producing in Morocco for the Moroccan (and other African) and Western-European markets, just as they moved into Europe to take advantage of the Common Market tariff structure.

U.S. exporters can increase their share of Morocco's expanding market only with aggressive salesmanship and more imaginative and effective support, with regard both to terms and technical assistance, of their dealers in the country. Suppliers should not overlook the possibility of setting up a sales and service branch, possibly as a joint venture with Moroccan interests, keeping in mind that there are already many U.S. products ineffectively represented in Morocco.

World Bank and AID assistance, the availability of Cooley-Amendment loan funds, abundant trainable labor, and Morocco's association with the EEC are important considerations for U.S. management in appraising Morocco as an export market or an investment site.

Data processing catches hold in Argentina; U.S. firms supply almost all of hardware imports

Americans also have substantial share of software imports; U.S. should hold strong position, despite growing competition

This market information is based upon highlights from Electronics Data Processing Equipment—Argentina, *a U.S. Department of Commerce publication to appear shortly in the* World Market for U.S. Exports *series. The data were developed in the course of a recent on-the-spot survey conducted by the Department of Commerce as part of the Global Marketing Program. This Program seeks to spur corporate activities directed at pursuing identified opportunities for export sales expansion and clinching added business.*

The Argentine electronic data processing equipment market remains brisk in a setting of high economic activity. The upswing in Argentine economic growth in the late sixties and the consequent spurt in capital imports helped usher in the EDP age. Over 50% of all of Argentina's computer systems now in operation have been installed in the past four years.

Imports estimated at $8.2 million met nearly all Argentine electronic data processing equipment needs in 1969. With a predicted 15% annual growth rate, EDP sales are expected to reach $9.4 million in 1970 and climb to over $19 million by 1975. Argentina's selective liberalization of import policy points to continuing favorable conditions for EDP imports.

Annual rise of 20% expected

Total expenditures for EDP hardware and software in Argentina increased from about $25 million in 1968 to $30 million in 1969. Annual increases are conservatively estimated to continue at 20% for the coming years, with annual expenditures likely to reach $52 million by 1972 and $90 million by 1975.

U.S. companies supply virtually all of Argentina's EDP hardware imports. During the three-year period thru 1969, about one-third of all EDP equipment imports have been from the United States. U.S.-origin imports increased from $1.8 million in 1968 to an approximate $2.8 million in 1969.

Sustained by a continuing U.S. lead in technologically-advanced equipment, EDP imports from the United States should maintain their one-third share of the market. World-wide operations of U.S. firms are expected to retain the bulk of the market for the foreseeable future, although other European and Japanese suppliers are known to be accelerating their marketing efforts.

Government is likely prospect

The Argentine Government, including large government-owned enterprises, and a few of the largest industrial and banking organizations are most likely prospects for large scale general purpose digital systems. In addition, there is a broader demand for small and medium-sized computers in government, industry, banks, finance, insurance and research and education.

Mini-computers have stimulated considerable interest in Argentina because of the combination of price and performance. Applications having greatest potential are real-time industrial analysis, industrial process control, data acquisition, storage and retrieval, communications control, and instruction of computer personnel and engineering and science students in educational institutions.

The proposed expansion of Argentina's telecommunications system will spur a rapid increase in data communications, time sharing, remote terminals, and on-line real-time facilities, and provide a sizable market for a broad mix of data communications equipment.

Sales potential for software and computing services is growing rapidly. A general scarcity of trained management and technical personnel in EDP application offers an excellent opportunity for U.S. participation in the field. Trade sources place the software and services market at a current annual rate of $8-$10 million rate with an estimated potential growth to $25-$30 million annually by the middle of this decade.

Increased time sharing and teleprocessing, use of more sophisticated peripherals, increased utilization and new applications are expected to contribute toward this growth. The scheduled installation of time-sharing facilities by some of the leading suppliers should benefit software firms, since extensive programming experience will be required by end users.

Major existing needs include consulting services for systems analysis, and design, training and feasibility studies.

Leasing is preferred

The number of EDP computer installations was estimated at 356 in early 1970, a 77% increase over 1968. This increase reflects a sharp rise in the number of small computers imported. About 75% of these installations are leased. The preference for leasing appears based on a feeling of closer support from the systems supplier and a belief in the rapid obsolescence of equipment. The trend for leasing is expected to parallel anticipated increased demand for data processing equipment from smaller end users.

Government, both federal and local, is the largest EDP user with 71 computers or 20% of the total. By value, however, government computers are estimated to account for 46% of all installations in Argentina. Seventeen of these are currently installed in provincial and municipal government agencies. Procurements of EDP

What sells best

Products with highest sales potential: digital computers—medium, small, and mini; printers (high speed, impact and non-impact); keyboard encoders; input-output typewriters; keyboard teleprinters; imprinters for magnetic ink character and optically-sensed characters; readers for magnetic ink characters and magnetic cards; optical character reading equipment; media converters; data acquisition equipment; punched card and punched tape equipment; memory systems and magnetic recorders; and CRT terminals.

Products with good sales potential: digital computers—large; analog computers; mark sensing equipment; digital and analog multiplexers; magnetic drums and discs; CRT light sensing pen systems; data communications equipment; numerical control units; computer controlled plotters; graphic data storage and retrieval systems and computerized type setting systems, and process control computers.

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Argentine EDP imports, 1966-75

(Thousands of U.S. dollars)

Year	Computers	Peripherals	Total
1966	2,845	1,144	3,989
1967	5,225	2,754	7,979
1968	4,211	1,555	5,766
1969	5,300	2,900	8,200
1970	6,095	3,335	9,430
1972	8,060	4,400	12,460
1975	12,250	6,850	19,100

systems, software, and services by Argentine Government agencies and entities is coordinated and approved by an advisory group on data processing systems within the Office of the Secretary of the Presidency.

Computers are concentrated

Buenos Aires is the major distribution center, having about 80% of the country's computer installations. With rapidly increasing interest in EDP equipment in other areas, suppliers should be prepared to support facilities in other major cities with maintenance, training, and prompt delivery of spare parts. Continuing industrial growth, the Government's announced goal of industrial development in remote areas, and planned telecommunications expansion all point to this need.

System suppliers, all of whom are subsidiaries or branches of foreign firms, lease or sell systems locally either directly or on an indent basis from the parent company. The reason for the indent arrangement is the general higher cost of local capital and the lower cost of having the transaction financed abroad.

Approximately 75% of all EDP system installations are on lease. Under the present standard lease practice, the supplier furnishes hardware, maintenance, training, and technical support. Sales conditions are similar except that the supplier also extends an express warranty. One contract used for either sold or leased systems is generally written covering all conditions. Since the majority of end-users prefer a complete package, the sales contracts must provide services equal to those provided under leasing arrangements in order to be competitive.

Financing of purchases is usually requested by the end-user. Sales of systems are generally financed over two to five years while the sale of peripherals separately often carries terms from 90 to 180 days. Local interest rates for bank financing is about 13% per year, although it can run to 24% depending on the project, loan tenure, and customer. Finance charges including interest and credit insurance on EDP imports from the U.S. range from 9½% to 11% per year, whereas rates run as low as 7% from other supplier countries. Moreover, Argentine Central Bank regulations stipulate minimum periods of repayment ranging to five years for capital goods imports including EDP equipment financed from external credit sources. Accordingly, an EDP supplier must be prepared to furnish or assist in arranging adequate and timely financing at competitive terms.

Estimated computers installed as of 1969

	Number	Percent
Government	71	20
Heavy industry and manufacturing	99	27
Banking and finance	57	17
Data service bureaus	35	10
Insurance	19	5
Commerce	17	5
Education	14	4
Research and laboratories	11	3
Other	33	9
	356	100

Suppliers must train buyers

EDP systems suppliers are expected not only to provide competent personnel for equipment maintenance and software assistance, but also in the training of customer personnel. Since many end users will be using advanced data processing systems for the first time, their training generally must start at the lowest level. This applies to the process of obtaining the order as well as after. The customer must often be educated before a sale can be made.

Though no data are available on total number of trained EDP personnel as opposed to the demand, classified ads announce openings in good numbers, and employers report the turnover rate at from 10 to 30% annually. Under these conditions labor piracy is not uncommon. Salaries for programmers range fro $4,300 to $7,000; for analysts from $5,100 to $8,600; and for operators from about $2,300 to $2,850.

The *ad valorem* duty rate which is applicable to electronic data processing equipment imported into Argentina is 20% of c.i.f. value. The duty rate for parts and accessories of computers is 70%.

Uganda announces widespread public takeovers of industry

Value of U.S. investment is small; several oil firms have operations

On May 1, Ugandan President A. Milton Obote announced that the Ugandan Government will acquire a majority holding in major parts of the country's economy. The following wide-ranging measures were included in his statement: (1) all import-export business (except for imports of oil) will be transacted by parastatal companies; (2) the state will purchase a 60% share in all petroleum import and distribution companies, every "important" manufacturing industry and plantation, the Kilembe (Copper) Mines, and all banks, credit institutions and insurance companies operating in Uganda; and (3) the Trades Union Act will be amended to abolish labor strikes. In other provisions of his speech, President Obote announced that all bus companies would be 60% publicly-owned.

Although the value of American investment in Uganda is not sizable, several U.S. companies, including Caltex, Mobil and Standard Oil, maintain petroleum distribution facilities in that country, while the First National City Bank and the Chase Manhattan Bank have minority interests in two Ugandan banks.

President Obote announced that payment for the 60% shares will be made from future profits of the affected companies. No further details on the implementation of these measures were set forth.

The Ugandan President stated that these moves were taken in line with the country's principal economic guideline, The Common Man's Charter, which was first announced in October 1969. Article 38 of the Charter contains the provision that the means of production and distribution should be in the hands of the people as a whole.

In a related move, the Bank of Uganda announced that, as a temporary arrangement, all transfer of funds to Kenya and Tanzania would be governed by exchange controls. Previously, Kenyan and Tanzanian shillings had been freely convertible into Ugandan currency. At present, the import or export of Ugandan bank notes is illegal; Bank of Uganda notes will not be payable outside Uganda.

Six German manufacturers are seeking arrangements with American companies

Licenses are desired for newly developed products, heat exchangers, nuclear research equipment, auto accessories, tents, machinery

Licenses to manufacture newly developed products are sought by a German firm in the following fields: (1) plastic household articles; (2) garden furniture; (3) children's toys and gymnastic equipment; (4) steel tubular office and industry furniture.

The firm is a diversified manufacturer of products in the plastics, packaging and steel furniture industries.

Write: Mauser KG, 28-30 Marienstr., 5 Koeln-Braunsfeld, Germany. WTD. **P-70543**

● A German manufacturer and exporter of boilers, heat exchangers and heating units wants to expand its product line and seeks licenses to manufacture heat exchangers for heating systems incorporating long, horizontal runs of pipe, swimming pools, and large and small household hot water units; electrically heated central heating boilers; and gas and oil fired steel central heating boilers. The firm was established in 1907 and operates a well equipped plant.

Write: Kreuzstromwerk GmbH, 1-3 Sedanstr., Postfach 2109, 58 Hagen, Germany. WTD. **P-70545**

Descriptive literature of the firm's production program may be obtained from the Office of International Investment, Department of Commerce, BIC-878, Washington, D.C. 20230.

● Licenses to produce equipment for nuclear research are sought by a maker of special instruments and devices for this field. The firm presently manufactures special equipment for use in hot cells, measuring instruments, steering and controlling devices, all purpose remote equipment, apparatus for micro testing of fuel substances, horizontal/vertical dividing machines for fuel rods and drilling and measuring machinery for gas analysis. It would consider the manufacture of any nuclear research equipment complementary to its current production program.

The German company reportedly has good connections with German nuclear research centers, EURATOM, and the nuclear industry in Germany and abroad. Through its agencies in France and Italy the firm maintains contact with nuclear research centers in those countries.

Write: Klaus D. Weber, 7530 Pforzheim, Salierstrasse 62, Germany. WTD. **P-70550**

● A large German manufacturer of automotive accessories, car jacks, towing cranes and builders' hardware is interested in cross licensing agreements with U.S. firms.

The company seeks to produce hydraulic and mechanical truck and automobile jacks, hose and fittings for high pressure hydraulic systems and door locks, lock sets and lock trim. It offers for manufacture in the U.S. fittings for windows, its line of hydraulic and mechanical automobile jacks, and newly developed automobile parts and accessories.

It operates well equipped production facilities and has around 1,500 employees. Its products are marketed in the EEC and EFTA countries.

Write: August Bilstein, August-Bilsteinstr., Postfach 15, 5828 Ennepetal, Germany. WTD. **P-70559.**

Copies of the German firm's brochures are available on a loan basis from the Office of International Investment, Department of Commerce, BIC-878, Washington, D.C. 20230.

● A German specialist in the tent production field seeks license to manufacture large air supported tent structures. Its production program presently includes tents, awnings, tarpaulins, beach and garden umbrellas, garden swings, raincoats and other waterproofed garments.

The company is a leading manufacturer in its line, employs 1,700 and maintains its own weaving, finishing and dyeing plants.

Write: L. Stromeyer and Co. GmbH, Stromeyersdorf, 7750 Konstanz a. Bodensee, West Germany. WTD. **P-70563.**

A catalog, in German, illustrating the firm's products may be obtained on loan by writing the Office of International Investment, Department of Commerce, BIC-878, Washington, D.C. 20230.

● A licensing arrangement is sought by a German firm to manufacture general machinery. The firm develops, constructs and sells machinery and equipment for a variety of purposes, including tire manufacturing and glass processing machinery.

The company is located in Kiel with easy access to the railroad and the Kiel canal.

Write: Paul Seifert Maschinenfabrik, 23 Kiel-Wik, Walterwerk, Germany. WTD. **P-70564.**

Italian heat equipment company wants licenses for air conditioners

A medium size Italian producer of heating radiators, boilers and other heating equipment seeks license to manufacture window and room air conditioners. The company employs 250 and plans to build a new plant where the air conditioners would be manufactured.

Write: Giorgio Tonon, Managing Director, TONON Industrie Termoidrauliche, Via Camperio 9, Milan, Italy. WTD. **P-70572.**

U.K. firm wants to make equipment components

Licenses to manufacture components for mechanical or hydraulic equipment, especially those fabricated from exotic materials, are sought by a British firm. The firm currently produces precision forgings, sintered components and aerospace alloy forgings. It has approximately 3,750 employees.

Write: Daniel Doncaster & Sons Ltd., Birley House, Wadsley Bridge, Sheffield, S6 1ET, England. WTD. **P-70556**

Swiss firms wish U.S. ties for novelty products and items with sales potential

A Swiss manufacturer and distributor of industrial insulating products and office supplies seeks representation or licensing agreements with U.S. firms. Of interest to the Swiss concern are quality novelty products which would be marketed by its sales force to stationers and hardware stores or directly to Swiss industries.

The firm's current product line includes electrical insulation materials, plastic packages, industrial plastics, adhesive tapes, office supplies and miscellaneous hardware. Established in 1935, the Swiss

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company employs about 420, including 30 traveling salesmen.

Write: Peter Dreifuss, Director, or Walter Jenne, Cellpack Ltd., 5610 Wohlen, Switzerland. WTD. **P-70569.**

• An experienced Swiss marketing organization engaged in the distribution of household appliances seeks to reorganize its operation and diversify into new product lines. It wants to represent U.S. companies in Switzerland and Europe and will consider any form of arrangement including a joint venture. The firm is interested in marketing any type of product with sales potential in Switzerland.

Located near Zurich, the Swiss concern maintains well equipped offices and storage, assembly and packaging facilities. It is familiar with local patent, financial, legal and tax matters.

Write: Saturn AG, Im Grut 11, P.O. Box 18, 8902 Urdorf, Switzerland. WTD. **P-70570.**

Bicycle assembly facilities promoted in Madagascar; U.S. supplier being sought

The Malagasy Bureau of Industrial Promotion has prepared a report outlining the Government's plan to promote the establishment of a bicycle assembly plant in Madagascar. A joint venture or licensing arrangement is sought with a U.S. supplier.

The plant will import wheel, rims, hubs, petals, chains, seats, etc. to be combined with in-plant-produced parts. Expected production is 20,000 bicycles per year plus eventual production of motorcycles. Initial plant investment is expected to be approximately $170,000.

Write, preferably in French, to: Bureau de Developpement et de Promotion Industriels (BDPI), Boite Postale 3180, Tananarive, Malagasy Republic. **P-70573.**

A copy of BDPI's report may be obtained by writing the Office of International Investment, Department of Commerce, BIC-878, Washington, D.C. 20230.

Brussels company desires licensing for pharmaceuticals

A Brussels manufacturer of pharmaceutical specialties seeks a license to produce cough retarding syrups and special sleeping preparations.

A representative of the Belgium company plans to visit the U.S. early in June to discuss licensing arrangements with interested American firms.

Write: Laboratoires Charles Delacre S.A., 321-325 Avenue de la Couronne, 1050 Brussels, Belgium. WTD. **P-70528.**

Four British companies seek licensing agreements for variety of products

A London manufacturer of street maintenance and grass cutting equipment seeks a license to make products complementary to its present line.

Established in 1879, the firm employs approximately 400 and operates a well equipped factory with branches in London and Buckinghamshire.

Write: Thomas Green & Sons Ltd., P.O. Box 45, North St., Leeds 2, Yorkshire, England. WTD. **P-70567.**

• An established producer of control systems and automation equipment wants a license to manufacture semiconductor fuses.

Write: D. Welchman, Automation Division, Westinghouse Brake and Signal Co. Ltd., Chippenham, Wilts., England. WTD. **P-70565.**

• A British manufacturer of self securing electronic terminals, threaded steel brushes and studs seeks to expand its product range. The firm is interested in the production of complementary industrial fasteners for electronic and mechanical applications.

Write: Prestincert Limited, 540 Great Cambridge Rd., Enfield, Middx., England. WTD. **P-70558.**

• A British firm desires licenses to manufacture products for the gas and electric industries and equipment for hotels and clubs incorporating sheet metal fabrication. The company presently manufactures bars and seats for hotels and clubs, flares, gas meters, warm air furnaces and space heaters.

The company was established in 1895, has two branches and employs approximately 350 people.

Write: Metropolitan Gas Meters Ltd., Mile End Rd., Colwick, Nottingham, NG4 2BP, England. WTD. **P-70566.**

Joint venture, collaboration sought by Indian company

An Indian firm seeks a joint venture to manufacture precision helical compression springs for the railroad and automobile industries. The company is interested in financial and technical collaboration and will establish a semi-automatic plant at Nagpur, Maharashtra, for the production of high quality precision helical compression springs for locomotives, railroad passenger coaches and freight cars, motor cars, tractors, bulldozers, tanks, armored cars and other mobile defense equipment.

The proposed plant capacity is 5,000 tons per year based on a single eight hour shift. Raw materials are available from domestic sources and the estimated capital requirement is $450,000. Approval of the project by the Government of India is expected in June and interested firms are requested to reply by the end of May 1970.

Write: D. M. Bafna, Director, Coventry Spring & Engineering Co. Private Ltd., 23 Ganesh Chandra Ave., Calcutta 13, India. WTD. **P-70574.** The Commercial Officer, U.S. Consulate General, Calcutta, would appreciate a copy for follow-up.

Additional information may be obtained by writing the Office of International Investment, Department of Commerce, BIC-878, Washington, D.C. 20230.

Argentine concern wants to make sub-zero freezers

Antonio Egert, a manufacturer of commercial refrigerators and display cabinets for retail food outlets and supermarket chains, seeks a license. The Argentine firm is interested in the production of modular sub-zero industrial freezers of 5 to 10 ton capacity.

Write: Antonio Egert, Hernan Cortes 146, Avellaneda, Provincia de Buenos Aires, Argentina. WTD. **P-70538.**

Investment Assistance

To receive follow up assistance and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. "P" numbers should be used when writing about specific proposals.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington D.C. 20230 or the nearest Department of Commerce Field Office.

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations administered by the Office of Foreign Direct Investment, U.S. Department of Commerce, Washington, D.C. 20230.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. The three-digit numbers and commodity classifications are from the Standard Industrial Classification (SIC) Manual. The five-digit numbers under each heading are from the Numerical List of Manufactured Products, 1967 Census of Manufacturers, Bureau of the Census and are used extensively by government and industry in classifying products.

U.S. firms should also be aware that the listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the *Department of Commerce Export Control Regulations* or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

NOTE: The SIC Manual is available for $4.50; The Numerical List of Manufactured Products (MC67-1) for $1.75 and the Export Control Regulations are priced at $12 a year. These publications may be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or any of the 42 Department of Commerce Field Offices throughout the United States.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

- ● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.
- ★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.
- **WTD** indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Agencies

Specific foreign firms have expressed interest in agency agreements for the products listed below. Exclusive agencies for these products are wanted only if specified.

203 Canning, preserving foods

20331—THAILAND — Canned fruits, fruit juices. Requests catalogs, c.i.f. Bangkok. S. Lerson Co., Ltd. (importer, distributor), 161/6 Suriwongse Rd., Bangkok. WTD 2/70.

20361—SPAIN—Frozen packaged fish and other seafood, especially tuna fish. Manuel Costa Costa (agent), Apartado Postal #313, Vigo, Pontevedra. WTD 4/70.

208 Beverage industries

20850—PANAMA—Liquors in general. Silvestre y Brostella, S.A. (importer, distributor, agent), P.O. Box 729, Panama 1, R.P. WTD 4/70.

225 Knitting mills, products

22590 — SWITZERLAND — Sport gloves. Agimport SA; Attn: Rudolf H. Haussener, president (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully Lausanne. WTD 4/70.

229 Textile goods

22940 — ITALY — Processed textile waste: processed acrylic, polyester and nylon fibers, used acrylic and nylon knitwear, new clippings of acrylic and nylon fiber knitwear. Giomi & Piccardi (agent), 65 Via S. Gonda, I 50047-Prato (Florence). WTD 4/70.

235 Hats, caps, millinery

23522—SWITZERLAND—Sportsmen's and skiers' hats, caps. Agimport SA; Attn: Rudolf H. Haussener, president (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully-Lausanne. WTD 4/70.

238 Miscellaneous apparel, accessories

23850 — SWITZERLAND — Skiers' waterproof overalls, incl. children's. Agimport SA; Attn: Rudolf H. Haussener, president (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully-Lausanne. WTD 4/70.

239 Fabricated textile products

23963 — SOUTH AFRICA — Braid, other millinery trimming. Lamont & Cooper (Pty.) Ltd. (importer, agent), Troymark House, Cnr. Troye and Market Sts., P.O. Box 5485, Johannesburg. WTD 4/70.

263 Paperboard mills, products

26315 — HONG KONG — Kraftliner board. Thoresen & Co., Ltd. (importer, agent, exporter), Union House, Chater Rd., P.O. Box 6. Cable: NORWEGIAN. WTD in preparation.

281 Industrial chemicals

28161—THAILAND—Titanium dioxide. Requests catalogs, c.i.f. Bangkok prices. Pu Min Ltd., Partnership (importer, wholesaler), 15 Pard Sai Rd., Bangkok. WTD 6/69.

28183 — GERMANY — Fillers and softeners for plastic industry. Indroma Chemikalien GmbH (importer, agent), 6236 Eschborn/Ts., Berliner Str. 31-35. WTD 4/70.

28184—THAILAND—Pesticides, other synthetic organic agriculture chemicals, not formulated. Requests catalogs, c.i.f. Bangkok prices. Parko Co., Ltd. (importer, wholesaler), 438 Phatumwan Circle, Phyathai Rd., P.O. Box 2562, Bangkok. WTD in preparation.

28185—THAILAND—Glycerin and propylene glycol. Requests catalogs, c.i.f. Bangkok prices. Pu Min Ltd., Partnership (importer, wholesaler), 15 Pard Sai Rd., Bangkok. WTD 6/69.

282 Synthetic materials

28211—GERMANY—Polyethylene for paper, other industries; polyvinyl chloride. Indroma Chemikalien GmbH (importer, agent), 6236 Eschborn/Ts., Berliner Str. 31-35. WTD 4/70.

28214—THAILAND—Polypropylene and toluene diisocyanate. Requests catalogs, c.i.f. Bangkok prices. Pu Min Ltd. Partnership (importer, wholesaler), 15 Pard Sai Rd., Bangkok. WTD 6/69.

28241—ITALY—Nylon fibers and nylon fiber waste for textile use. Giomi & Piccardi (agent), 65 Via S. Gonda, I 50047—Prato (Florence). WTD 4/70.

28242—ITALY—Acrylic and polyester fibers and fiber waste for textile use. Giomi & Piccardi (agent), 65 Via S. Gonda, I 50047—Prato (Florence). WTD 4/70.

283 Drugs

28331—SPAIN—Synthetic organic medicinal

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chemicals, in bulk. Laboratorios Ovejero, S.A. (importer, distributor, manufacturer), Peregrinos s/n, Leon. WTD 4/70.

28332—SPAIN—Other medicinal chemicals and botanical products, in bulk. Laboratorios Ovejero, S.A. (importer, distributor, manufacturer), Peregrinos s/n, Leon. WTD 4/70.

28340—TAIWAN—Plasma expanders, e.g. P.V.P., gelatin, dextran; antibiotics, e.g., ampicillin, doxycycline; antihypertensives and diuretics, e.g. guanethidine, frusemide; contraceptives; ovulation inducing agents, e.g. clomiphene; antituberculous agents, e.g. D-Ethambutol. Great Union Trading Co., Ltd. (importer, agent), 2, Lane 20, Chungshan N. Rd., Section 2, Taipei. WTD in preparation.

28341—THAILAND—Pharmaceutical preparations for human, veterinary use. Parko Co., Ltd. (importer, wholesaler), 438 Phatumwan Circle, Phyathai Rd., P.O. Box 2562, Bangkok. WTD in preparation.

284 Soap, detergents, cleaning preparations, perfumes

28442—PANAMA—Perfumes, colognes. Silvestre y Brostella, S. A. (importer, distributor, agent), P.O. Box 729, Panama 1. WTD 4/70.

287 Agricultural chemicals

28720 — THAILAND — Agricultural insecticides, fertilizers. Requests catalogs, c.i.f. Bangkok prices. World Trading Co. Ltd. (importer, distributor), 899 Mungkorn Rd., Sarn Chao Mai, Bangkok. WTD in preparation.

28790—ENGLAND—Agricultural chemicals. Mi-Dox Ltd. (importer, distributor), Smarden, Ashford, Kent. WTD in preparation.

28790—THAILAND—Pesticides, agriculture. Requests catalogs, c.i.f. Bangkok prices. Parko Co., Ltd. (importer, wholesaler), 438 Phatumwan Circle, Phyathai Rd., P.O. Box 2562, Bangkok. WTD in preparation.

306 Fabricated rubber products

30697 — SWEDEN — Surgical disposable gloves. Medifa, M. Aberle (importer, distributor, agent), Satraangsvagen 8, S-182 36 Danderyd. WTD in preparation.

30698 — SWITZERLAND — Bathing caps. Agimport SA; Attn: Rudolf Haussener, pres. (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully-Lausanne. WTD 4/70.

342 Cutlery, hand tools, general hardware

34294—THAILAND—Door closers, hydraulic. Requests catalogs, c.i.f. Bangkok prices. World Trading Co. Ltd. (importer, distributor), 899 Mungkorn Rd., Sarn Chao Mai, Bangkok. WTD in preparation.

344 Fabricated structural metal products

34430—SWITZERLAND—Nuclear shielding and similar safety equipment; also for application together with medical apparatus. Pedrolit GmbH; Attn: Mr. Pedrerol (manufacturer, agent), Wehntalerstrasse 291, P.O. Box 8056, Zurich. WTD in preparation.

34492—THAILAND—Prefabricated aluminum for ready made houses. Requests catalogs, c.i.f. Bangkok prices. World Trading Co. Ltd. (importer, distributor), 899 Mungkorn Rd., Sarn Chao Mai, Bangkok. WTD in preparation.

352 Farm machinery

35220—ENGLAND—Stock rearing equipment, farm equipment, sophisticated agricultural implements, small agricultural machinery. Mi-dox Ltd. (importer, distributor), Smarden, Ashford, Kent. WTD in preparation.

35227—NETHERLANDS — Public garden and park maintenance equipment. Exclusive representations. Solo Kleinmotoren N.V. (importer), 20 Zanderijweg, P.O. Box 42, Ede. WTD 4/70.

353 Construction, mining, materials handling machinery

35310 — SWITZERLAND — Replacement parts for heavy construction machines such as tractors, entrenching and excavating machines, etc. Zeremeda AG; Attn: Mr. Zepf (distributor), Hirsackerstrasse 36, 8810 Horgen. WTD 7/69.

35314—GERMANY—Auto cranes, other mobile cranes. Industriemaschinen Handelsges. K.W. Schubert & Co. KG (importer, distributor, agent), 6 Frankfurt/M.-Roedelheim, Friedrich-Kahl-Str. 17. WTD 4/70.

35320 — ENGLAND — Mineral machinery comprising flotation, separating, washing, sedimentation and clarifying equipment; crushers; mining equipment; conveyor belt systems with associated controls preferably of new design allied to the above. Marcus H. Hodges & Sons (Engineers), Ltd. (distributor, manufacturer), Willeys Ave., Exeter, Devon. EX2 8EL. WTD in preparation.

354 Metalworking machinery

35484 — SOUTH AFRICA — Automotive maintenance equipment. Wishes to act as importer, agent or manufacturer under license. Concord Garage Equipment Co. (Pty.) Ltd. (importer, manufacturer, agent), P.O. Box 15763, Siemend, Johannesburg. WTD 4/70.

35484 — SWITZERLAND — Automotive maintenance and testing equipment, motor analyzers, wheel balancers, radiator testers, ignition testers, etc. Walchli & Bollier AG (importer, distributor, agent), Foerrlibuckstrasse 110, 8040 Zurich. WTD 4/69.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

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355 Special industry machinery

35522 — THAILAND — Textile machinery parts, attachments. Exclusive agency. Requests catalogs, c.i.f. Bangkok prices. Pu Min Ltd. Partnership (importer, wholesaler), 15 Pard Sai Rd., Bangkok. WTD 6/69.

35531 — NETHERLANDS — Public garden and park maintenance equipment. Exclusive representations. Solo Kleinmotoren N.V. (importer), 20 Zanderijweg, P.O. Box 42, Ede. WTD 4/70.

35590 — SWITZERLAND — Isotopes handling equipment and accessories. Pedrolit GmbH; Attn: Mr. Pedrerol (manufacturer, agent), Wehntalerstrasse 291, Postfach, 8056 Zurich. WTD in preparation.

35595 — SWITZERLAND — Sandblasting equipment. Vilcomet AG; Attn: Mrs. M. Koch (importer, distributor, agent), Flughofstrasse 41, P.O. Box, 8152 Glattbrugg. WTD 4/69.

356 General industrial machinery

35690 — ENGLAND — Pipeline engineering products. Armca Specialties Ltd. (importer, agent), 19-20 Cowcross St., London, E.C.1. WTD in preparation.

357 Office, computing machines

35730—THAILAND—Computing machines including parts, attachments. Requests literature, catalogs, c.i.f. Bangkok prices. Udom Vidhya Co., Ltd. (importer, distributor), 1003-1007 New Rd., Bangkok. WTD in preparation.

358 Service industry machines

35850—ENGLAND—Air conditioning, associated equipment. Armca Specialties Ltd. (importer, agent), 19-20 Cowcross St., London, E.C.1. WTD in preparation.

361 Electric transmission, distribution equipment

36112—SWITZERLAND—Automotive electric testing instruments. Walchli & Bollier AG (importer, distributor, agent), Foerrlibuckstrasse 110, 8040 Zurich. WTD 4/69.

363 Household appliances

36340—PANAMA—Electric appliances such as fans and razors. Silvestre y Brostella, S.A. (importer, distributor, agent), P.O. Box 729, Panama 1. WTD 4/70.

364 Electric lighting, wiring equipment

36410 — SWITZERLAND — Quartz lamps, suitable for ultra-violet and infrared irradiation, if possible with built-in timer, c.i.f. Zurich price not exceeding $12 per unit. Alumag Belmag AG; Attn: N. Dalang (importer, distributor, manufacturer), Giesshubelstrasse 30, 8027 Zurich. WTD 4/70.

36420—SWITZERLAND—All kinds of indoor and outdoor lighting fixtures. Alumag Belmag AG; Attn: N. Dalang (importer, distributor, manufacturer), Giesshubelstrasse 30, 8027 Zurich. WTD 4/70.

36422 — SWEDEN — Smaller examination lamps (for hospitals) with an adjustable arm. Landstingens Inkopscentral Ekonomisk Forening LIC (importer, distributor, agent), 20 Svetsarvagen, S-171 83 Solna. WTD 8-69.

365 Radio, television receiving sets

36515 — SWITZERLAND — Audio - visual equipment; sound systems for theaters, halls, schools; advanced training aids. Cine Construction SA; Attn: Florian Schmidt (importer, agent, retailer), ave. de Senaleche 30, 1012 Lausanne-Pully. WTD 4/70.

369 Electrical machinery, equipment, supplies

36930—TAIWAN—X-ray equipment with rotating anode tube, table for fluoroscopy and radiography, spot film division, full wave rectifier. Great Union Trading Co., Ltd. (importer, agent), 2, Lane 20, Chungshan N. Rd., Section 2, Taipei. WTD in preparation.

381 Engineering, laboratory, scientific, research instruments

38111—SWITZERLAND—Airspeed indicators, altimeters, gyropilots, variometers and engine control instruments for aircraft. Palma-Materiel Aeronautique SA (distributor, agent), 7, rue Bellot, 1206 Geneva. WTD 3/69.

383 Optical instruments, lenses

38311—TAIWAN — Electronic PH meters, electronic spectrophotometers. Great Union Trading Co., Ltd. (importer, agent), 2, Lane 20, Chungshan N. Rd., Section 2, Taipei. WTD in preparation.

384 Surgical, medical, dental instruments

38410 — TAIWAN — Anesthesia apparatus, operating tables, electronic intensive care units, orthopedic instruments, ophthalmoscopes, high frequency surgical units, general surgical equipment. Great Union Trading Co., Ltd. (importer, agent), 2, Lane 20, Chungshan N. Rd., Section 2, Taipei. WTD in preparation.

385 Ophthalmic goods

38513—SWITZERLAND—Pilot sun glasses; sportsmen's and skiers' goggles, treated against steam; genuine novelties only. Agimport SA; Attn: Rudolf H. Haussener, president (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully-Lausanne. WTD 4/70.

386 Photographic equipment

38612 — THAILAND — Photocopying machines, related equipment. Requests catalogs, brochures, c.i.f. Bangkok prices. Udom Vidhya Co., Ltd. (importer, distributor), 1003-1007 New Rd., Bangkok. WTD in preparation.

38613 — SWITZERLAND — Motion picture equipment, 16 mm and over, including projectors, lenses and sound systems; audio-visual equipment; training aids. Cine Construction SA; Attn: Florian Schmidt (importer, agent, retailer), ave. de Senaleche 30, 1012 Lausanne-Pully. WTD 4/70.

391 Jewelry, silverware, plated ware

39130 — SWITZERLAND — Sapphires for precision instruments, rubyballs for technical applications, diamond points for phonograph needles; similar products. Saphierwerk AG; Attn: Mr. Dind (manufacturer, agent), Dr. Schneiderstrasse 110, 2560 Nidau. WTD in preparation.

394 Toys, amusement, sporting goods

39490—SWITZERLAND—Novelty sporting and athletic goods and accessories. Agimport SA; Attn: Rudolf H. Haussener, president (importer, distributor, agent), chemin de Liaudoz 48, 1009 Pully-Lausanne. WTD 4/70.

Direct Sales

Specific foreign firms have expressed interest in direct purchases of the products below. See also the "Agencies" listing.

012 Fruit, tree nut, vegetable farms

01220 — JAPAN — Pink grapefruits, navel oranges. Kitakyushu Chamber of Commerce, c/o Mainichi Kaikan, 207-1 7-chome, Konya-machi, Kokura-ku, Kitakyushu City.

091 Fisheries

09130—JAPAN—Frozen crabs. Kitakyushu Chamber of Commerce, c/o Mainichi Kaikan, 207-1 7-chome Konya-machi, Kokura-ku, Kitakyushu City.

281 Industrial chemicals

● **28100—KOREA**—SITC No. 514.25, Item No. 2, potassium nitrate min. 98%, white crystal or powder, 144,000 kgs. net; SITC No. 512.53 Item No. 3, citric acid (min. 99%, white crystal or powder), 25,000 kgs. net. Delivery item No. 2 40,000 kgs. by Aug. 20; balance item No. 2 and total item No. 3 by Oct. 10. Bid number KFX-0073-PIII; bid deadline 2 p.m., June 5, Korea Standard time. Bidder is required to submit to OSROK by May 30 three cans of sample, each item, indicating the name of bidder/supplier/manufacturer and IFB Number for test and acceptance. Cost and expenses of sample, freight, and other items are not to be billed to the buyer. Office of Supply, Government of the Republic of Korea, Seoul. Copies of IFB available Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-3465). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

282 Synthetic materials

● **28200—IRAN**—Bids for 16 million white cellulose and 9 million white acetate cellulose filter rods are requested by the Iranian Tobacco Co., Tehran, Iran, by 9 a.m., June 25. Tenders are available on a loan basis from the Chemicals Div., BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-3529). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

● **28200—IRAN**—Bids for 650 million acetate cellulose filter rods are requested by the Iranian Tobacco Co., Tehran, Iran by 9 a.m., June 21. Tenders are available on a loan basis from the Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-3529). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

283 Drugs

28343—SWITZERLAND — Pharmaceutical preparations for treatment of varicose veins. Direct purchase and agency. Salzmann AG; Attn: Mr. Brack (distributor, agent), Geltenwilenstr. 18, 9001 St. Gallen. WTD in preparation.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

28423—ITALY—Metal cleaning preparations. Direct purchase and agency. Passaponti (agent, retailer), 148 N/O Via F. Baracca, I 50127, Florence. WTD 4/70.

289 Chemical products

● **28900—IRAN**—Cigarette filter adhesive, neutral PH, packed in 50 kg. plastic bags and metal containers, two year shelf life, for machine with 850 cigarette per minute capacity; 60,000 kilos. Bid deadline June 18. Iranian Tobacco Company, Tehran ★(202-967-3512). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

28993 — GERMANY — Metal treating compounds, chemical foundry supplies, other chemical specialties for metalworking industries. Direct purchase and agency. Correspondence requested in German or French. TIP-Werke Hartung GmbH (manufacturer), Postfach 138, 66 Saarbruecken 3. WTD 3/70.

291 Petroleum refining

● **29100 — BURMA** — Myanma Oil Corp., Rangoon, Burma, has issued a tender for approximately 6.7 million imperial gallons of lubricating oils and 2.5 million pounds of greases. Tender No. YENAM/YAUNG/SA-HSA/7, dated May 1; bid deadline June 15. Petroleum and Coal Division, BDSA-673, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2355).

29110—AUSTRIA—Paraffin wax, white, for food processing industry, melting point 50-52° centigrade; requirement 700 metric tons; requests price quotations c.i.f. Rotterdam. Transmar Ein- u. Ausfuhrhandelsgesellschaft mbH (importer, agent, exporter), Singerstrasse 2, A-1010 Vienna. WTD in preparation.

301 Tires, tubes

30111—AFGHANISTAN—Tires for automobiles. c & f Karachi prices with insurance up to Kabul requested. Ghulam Reza Hossainzada (importer, distributor, agent), P.O. Box 222/ Kabul. WTD 4/70.

30112—AFGHANISTAN—Truck tires with tubes. c & f Karachi prices with insurance up to Kabul requested. Ghulam Reza Hossainzada (importer, distributor, agent), P.O. Box No. 222, Kabul. WTD 4/70.

307 Plastic products

30792—BELGIUM—Decoration, holiday. Direct purchase or agency, A. Missirian & Fils (importer, distributor), 4 Blvd. Saint-Lazare, 1030 Brussels. WTD 4/70.

319 Leather goods

31990—BELGIUM—Novelties, leather. Direct purchase or agency. A. Missirian & Fils (importer, distributor), 4 Blvd. Saint-Lazare, 1030 Brussels. WTD 4/70.

325 Structural clay products

32530 — UGANDA — Glazed tiles. Details available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

331 Steel mill products

● **33100—MALAGASY REPUBLIC**—Various quantities of fencing materials of various specs. Tender for "Fencing Materials"; bid deadline June 6. Ferme D'Etat Omby, Tananarive. Copies of tender documents available from Iron and Steel Division, BDSA-669, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4412).

● **33100—NEW ZEALAND**—Supply 480 steel tires for railway rolling stock according to B.S. 24 Part 2 Section 1 high tensile. Tender #S.70/627; bid deadline June 10. New Zealand Railway, Wellington. Copies of tender documents available from Senior Trade Commissioner and Minister (Commercial), New Zealand Trade Commission, Washington, D.C.

● **33100—PARAGUAY**—16,000 hard rolled

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structural steel sheets; financed by IADB. Tender for "Steel Sheets"; bid deadline June 11. Administracion Nacional de Electricidad, Asuncion. Copies of tender documents may be purchased from Nacional de Electricidad, President Ing. Enzo Debernardi, Calle Padre Cardozo 560, Asuncion, Paraguay.

33123—AUSTRIA—Tin plate, 0.20 to 0.34 mm, in sheets; monthly requirement about 100 metric tons. Kastil & Co., Metallwarenfabrik (importer, manufacturer), Spinnereistrasse 100, A-4032 Linz. WTD 4/70.

33157 — UGANDA — Insect wire screening. Details of quantities and specifications available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

33176—ITALY—Thick wall seamless steel and stainless steel pipes (diameter 250+1250 mm.) Overmeccanica (importer), Via Torricelli 25, Z.A.I. Verona. WTD 2/69.

Valuable series

Which overseas markets have been good customers for products like yours, so that you can select those that show best future potential?

An excellent place to start your investigation is the U.S. statistics on exports—the Census Bureau's FT-410 series, which shows exports, by commodity, to country of destination.

From these monthly reports, you can learn which of some 169 countries have bought any of more than 3,000 U.S. products. By checking U.S. exports of your products for three or four years, you can determine which countries have been the largest and most consistent markets. In some instances, the FT-410 statistics will also give you an indication of the average price for your product in a given market.

"Introductory Guide to Exporting," revised April 1969 by U.S. Department of Commerce

332 Iron, steel foundries

33213—UGANDA—Cast iron soil pipes and fittings. Specifications available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

335 Rolling, drawing, extruding of nonferrous metals

● **33500—BOLIVIA**—Supply of copper wire for electrical transmission. Tender No. 7/70, bid deadline May 20. Contact Comision Mixta Ferroviaria Argentino-Boliviana, Ave. 20 de Octubre esq. Fernanco Guachalla, Edificio Conavi 7 piso, La Paz, Bolivia.

343 Heating apparatus, plumbing fixtures

34320—SWITZERLAND—Nozzles for application in oil burners and similar purposes; similar items for atomizing of water, other liquids. Dahinden AG; Attn: Mr. Nellen (manufacturer, agent), Bahnhofstrasse 17, 6020 Emmenbrucke. WTD 2/69.

344 Fabricated structural metal products

34411 — UGANDA — Fabricated structural iron and steel. Details regarding quantities, specifications, etc. available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

349 Fabricated metal products

34941—UGANDA—Metal valves for piping systems. Specifications available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

34942—UGANDA—Metal fittings and unions for piping systems. Specifications available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Dept. of Commerce, Washington, D.C. 20230. Mubiru Musoke (Agencies) Ltd. (importer), P.O. Box 3929, Kampala. WTD 2/70.

34990—BELGIUM—Novelties and specialties. Direct purchase or agency. A. Missirian & Fils (importer, distributor), 4 Blvd. Saint-Lazare, 1030 Brussels. WTD 4/70.

353 Construction, mining, materials handling machinery, equipment

● **35300—TURKEY**—Four self propelled mobile mounted cranes, 40' basic boom with 10' extensions to reach 70', 10 ton capacity at 13' radius, diesel powered. Tender No. not supplied; bid deadline June 5. English specifications by Modern Translation Bureau, Karanfil Sohak 49/2, Yenisehir Ankara, $5.50 airmail Turkiye Demir ve Celik Isletmeleri Genel Mudurlugu, Karabuk. Specifications are available on a short term loan basis from the General Industrial Equipment Division, BDSA-647, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-5566).

35351—POLAND—Bulk carrier loading and unloading equipment for handling coal and iron ore primarily. Zjednoczenie Portow Morskich (Mr. M. Kowalikowski) (professional association of port managers, engineers), Gdynia, ul. Zgoda 8.

354 Metalworking machinery

● **35400—INDIA**—Centerless grinder capable of grinding 6" diameter work pieces. Tender No. 909/03-2/296(ISM ref. D/ENG/70); bid deadline June 30. Global Procurement. Deputy Controller of Stores, Diesel Locomotive Works, Varanasi. Tender copies available from India Supply Mission, 2536 Massachusetts Ave. NW., Washington, D.C. 20008, for $2.00 per copy.

354 Metalworking machinery

35484 — ITALY — Automotive maintenance equipment, including diagnostic apparatus. Direct purchase and agency. Passaponti (agent, retailer), 148 N/O Via F. Baracca, I 50127, Florence. WTD 4/70.

355 Special industry machinery

● **35500—BURMA**—Supply process and engineering design and supply of equipment, materials, etc. for a "grass roots" petroleum refinery. Supply engineering design and supply of equipment, materials, etc. for lubricating oil blending/packaging plant and supply of base oils/additives. Reference No. 11E/2/70/630; bid deadline July 31. Tenders available for $10.50 and $6.30 respectively per copy from the Burmese Embassy, 2300 S St., NW., Washington, D.C. 20008 (202-332-9044).

35521—LEBANON—Two knitting machines, circular or flat. Abro Abroyan & Co. S.A.L. (importer, distributor, manufacturer), Moutran St., P.O. Box 132, Beirut. WTD in preparation.

35595—ITALY—Metal cleaning machinery, equipment. Direct purchase and agency. Passaponti (agent, retailer), 148 N/O Via F. Baracca, I 50127, Florence. WTD 4/70.

357 Office, computing, accounting machines

35790—SPAIN — Coin-operated merchandising machines, nonrefrigerated. Prominsa Tecnico Industrial, S.A. (importer, distributor), Juan Bravo, 49, Madrid (6). WTD 4/70.

358 Service industry machines

35811—SPAIN—Coin operated merchandising machines, including parts. Prominsa Tecnico Industrial, S.A. (importer, distributor), Juan Bravo, 49, Madrid (6). WTD 4/70.

361 Electric transmission, distribution equipment

● **36100—CHILE**—Supply 3 each current-limiting reactors for Punta Arenas Power Plant. Tender No. RKA/MEPG, specifications No. 30-16; bid deadline June 16. Empresa Nacional de Electricidad S.A. "ENDESA", calle Santa Rosa No. 76. Seccion Equipo Electrico, 14th FL., Santiago, Chile. Specifications available from the Power & Electrical Equipment Division, BDSA, Room 5886C, Department of Commerce, Washington, D.C. 20230 ★(202-967-4241). A copy is also available for review at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

● **36100—KOREA**—Supply of portable field intensity meter; VHF field intensity meter; strip chart recorder; vector voltmeter; frequency synthesizer; frequency counter; 2 spectrum analyzers; 5 RF watt meters; 2 audio frequency generators; 2 square wave frequency generators; distortion analyzer; portable field strength meter; 5 electron tube testers; 16 antenna multicouplers; radio wave frequency counter; 36 volt-ohms-microammeters; 14 standard clocks; all above with accessories. Tender No. SLC-0071-P II; bid deadline June 3. Invited by the Office of Supply, Government of the Republic of Korea, Seoul. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

363 Household appliances

36310 — SWITZERLAND — Electric household ranges, ovens, built-in-ranges, new inven-

tions; complete units or parts for local assembly; accessories. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

36320 — SWITZERLAND — Electric household refrigerators, range-refrigerators, sink combinations, home, farm freezers, complete units or parts for local assembly, new products. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

36330 — SWITZERLAND — Electric fully automatic household washing machines, washer-dryer-combinations, electric dryers, dishwasher attachments, complete units or parts for local assembly, new products. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

36340—SWITZERLAND—Electric broilers, microwave ovens, fryers, percolators, egg cookers, corn poppers, food mixers, grills, heating pads, electric knives, massage machines, roasters, sauna heaters, toasters, whippers, new products in the field of small electric housewares. Complete units or parts for local assembly. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

36350 — SWITZERLAND — Electric household vacuum cleaners, sweepers, new products; complete units or parts for local assembly. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

36390 — SWITZERLAND — Electric dishwashing machines, floor waxing, polishing machines, food waste disposers, other new household service machines; complete units or parts for local assembly. ICME Industrial Consulting & Management Engineering Co. (management consultants), Bellariastrasse 51, 8038 Zurich. WTD 4/70.

365 Radio, television receiving sets

36515—SWITZERLAND—Amplifiers to be used in connection with electric instruments (e.g. electric guitars etc.). Direct purchase and agency. Sax-o-Music; Attn: Mr. Panush (distributor), 3, rue Versonnex, 1207 Geneva. WTD 5/69.

369 Electrical machinery, equipment, supplies

36911—AFGHANISTAN — Automotive batteries, 6 and 12 volts. c & f Karachi prices with insurance up to Kabul requested. Ghulam Reza Hossainzada (importer, distributor, agent), P.O. Box 222, Kabul. WTD 4/70.

381 Engineering, laboratory, scientific, research instruments

● **38100—KOREA**—Supply of reflectometer; heater; digester; moisture indicator; thread counter; formation tester; densometer; pulverizer; gas chromatograph; atomic absorption spectrophotometer; pocket refractometers; microhardness tester; and more. Tender No. SLC-0074-PI; bid deadline June 1. Invited by the Office of Supply, Government of the Republic of Korea, Seoul, Korea. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

● **38100—KOREA**—Supply of dual magnascanner; 300 MA at 125 KVP x-ray generator with TV system (TLD); oven, mechanical convection, constant; blood count recording system; balance, clude types; 2 washers and dryers; universal cystoscope; distilling apparatus; oven, convection; balance, torsion laboratory, optical reading; centrifuges; homogenizer; and more. Tender No. SLC-0070-P II; bid deadline June 2. Invited by the Office of Supply, Government of the Republic of Korea, Seoul. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

382 Instruments for measuring, controlling, indicating physical characteristics

● **38200—COLOMBIA**—Supply of 96 items of soil and pavement laboratory testing equipment and completely equipped metal trailers for moveable soil-testing laboratories. Tender No. 002-70 BID; bid deadline May 26. Tender documents in Spanish. Invited by the Division de Compras y Almacenes, Ministerio de Obras Publicas, Centro Administrativo Nacional, Bogota, Colombia. Terms and specifications, in Spanish, available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

● **38200—GREECE**—Supply two portable water level recorders. Tender No. 52090/70; bid deadline May 20. Invited by The Hellenic Navy Command, Athens, Greece. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102. (415-556-5868).

● **38200—KOREA**—Supply of lea tester; bursting tester; paint film bending tester; quick tester; tensile strength tester; air permeability tester; cryptometer; analytical precision balances; and more. Tender No. KFX-0072-PI (Part II); bid deadline May 22. Invited by the Office of Supply, Government of the Republic of Korea, Seoul. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

38216—ITALY—Flow detection controls. Direct purchase and agency. Passaponti (agent, retailer), 148 N/O Via F. Baracca, I 50127, Florence. WTD 4/70.

384 Surgical, medical, dental instruments

38420—SWITZERLAND—Special stocking, elastic bandages and similar items for treatment of varicose veins. Direct purchase and agency. Salzmann AG; Attn: Mr. Brack (distributor, agent), Geltenwilenstrasse 18, 9001 St. Gallen. WTD in preparation.

386 Photographic equipment

● **38600—KOREA**—Supply of radiographic x-ray film in various sizes and quantities; also fluorographic x-ray film; black and white, plus -x film; color slide film; color movie film. Tender No. SLC-0062-P II; bid deadline May 27. Invited by the Office of Supply, Government of the Republic of Korea, Seoul, Korea. Terms and specifications available on loan basis from the Scientific and Business Equipment Division, BDSA-653, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-2939). A review copy will also be available at the Department of Commerce Field Office, 11444 Federal Bldg., 450 Golden Gate Ave., San Francisco, Calif. 94102 (415-556-5868).

393 Musical instruments, parts

39310—SWITZERLAND—Brass band instruments of all kinds. Direct purchase and agency. Sax-o-Music; Attn: Mr. Panush (distributor), 3, rue Versonnex, 1207 Geneva. WTD 5/69.

39314—SWITZERLAND — Electric guitars, related instruments. Direct purchase and agency. Sax-o-Music; Attn: Mr. Panush (distributor), 3, rue Versonnex, 1207 Geneva. WTD 5/69.

399 Manufacturing industries

39933—BELGIUM — Novelties, advertising; advertising specialties, excluding signs and displays. Direct purchase or agency. A. Missirian & Fils (importer, distributor), 4 Blvd. Saint-Lazare, 1030 Brussels. WTD 4/70.

39992—SPAIN—Coin operated amusement machines. Prominsa Tecnico Industrial, S.A. (importer, distributor), Juan Bravo, 49, Madrid (6). WTD 4/70.

Choice of language

Some people—about seven-eighths of them—just do not understand English.

So when you answer an advertiser in these pages who requests replies in his own language oblige him *and* yourself.

Ask the Department of Commerce Field Office for advice.

Greece seeks bids for 350 reels of computer tape in plastic cases

The Ministry of Commerce, 4th Directorate of State Purchases, has issued Tender No. 4/264/1970 for the supply of computer tape. The bid deadline is June 5.

Bids should offer 350 reels of magnetic computer tape in plastic cases suitable for M.T. units type 729II of the IBM 1401 computer.

Copies of the tender announcement and specifications are available from the Ministry of Commerce, 4th Directorate of State Purchases, 75 Solonos St., Athens, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

XUM

Malagasy issues tender on equipment for new high school facilities

The Malagasy Republic Ministry of Equipment and Communications invites bids on equipment for a high school complex including classroom, laboratory, kitchen and other equipment. The total value of the Tender is estimated at about $1 million. The bid deadline is July 2.

Interested U.S. firms can obtain a French language dossier giving equipment specifications and bidding instructions by contacting: Ministere de L'equipement et des Communications, Directeur General de L'equipement et de L'Aeronautique, Service Administratif General, 1 Division, Section G, Tananarive, Malagasy Republic. The dossier costs 95,000 Malagasy francs (227.710 Malagasy francs equal U.S. $1) or approximately U.S. $342.00, air mailed to the U.S.; a check made payable to the Tresorier Principal de Tananarive must accompany each request.

A copy of the announcement only, not the terms and specifications dossier, is available in French from the Scientific and Business Equipment Division, BDSA-653, Room 4120, U.S. Department of Commerce, Washington, D.C. 20230 (202-967-2939).

Parts for radio broadcasting equipment sought by Korea

The Office of Supply, Government of the Republic of Korea, has issued Tender No. SLC-0075 PII for the supply of radio broadcasting equipment parts. The bid deadline is June 5.

Bids should offer one broadcasting van, comprising one 10Kw SW transmitter, audio control console, turntables, microphones, tape recorders, test equipment and spare parts; one 1Kw AM MW broadcasting transmitter, one 350Kw diesel engine generator, two UHF STL links, four UHF FM mobile radios.

Copies of the tender announcement and specifications are available from the Procurement Office in New York, Joon Shik Kim, Procurement Attache, Korean Consulate-General, 9 E. 80th St., New York, N.Y. 10021, or on a short term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Irish agency seeks supply of automatic switching equipment

The Engineer-In-Chief, Contracts Section, Department of Posts and Telegraphs has issued Tender No. C/513/7/14 for the supply and installation of automatic switching equipment. The bid deadline is July 14.

Bids should offer supply and installation of automatic switching equipment at the North Main Telephone Exchange.

Copies of the tender announcement and specifications are available from the Engineer-In-Chief, Contracts, Department of Posts and Telegraphs, Hawkins' House, Dublin 2, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Argentine waterworks agency will construct city sewer system

The National Waterworks Department is inviting bids for the construction of a city sewer system for General Pico in the Province of La Pampa, Argentina. The budget for this project is 6,039,750 Argentine pesos. The deadline for submission of bids is June 23.

Copies of conditions and technical specifications are available for 130 Argentine pesos from Obras Sanitarias de la Nacion, Marcelo T. de Alvear 1840, Buenos Aires, Argentina, by asking for Expediente 8782-LP-1970. (U.S.$1=3.50 Argentine pesos.)

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

AFGHANISTAN — Mr. Assadullah and Mr. Naqibullah, R. S. Seddiqui Ltd., Pashtoon Market, Kabul, **interested in meeting U.S. cigarette manufacturers to discuss possibility of establishing a cigarette making plant in Kabul on joint venture basis and requesting technical information.** Early May via New York for 3-6 mos. c/o P. Lorillard Co., 200 E. 2nd St., New York, N.Y. 10017. Itinerary: New York, Washington, D.C., cities in Indiana and California. WTD 11/67 under revision.

AUSTRALIA — Reginald Smart, R. Smart & Co. Pty. Ltd., P.O. Box 736, Fortitude Valley, Queensland 4006, **interested in direct purchase and agency for equipment and materials in the fields of domestic and industrial cleaning and film/laminate packaging.** May 24 via Los Angeles for 3 weeks. c/o D. D. Falkenstein, 72 Fairlie Dr., Santa Rosa, Calif. 94501. Itinerary: Los Angeles, San Francisco, Knoxville, Tenn. WTD 4/70.

AUSTRALIA—A. R. Morgan, Managing Director, Andasteel Constructions Pty. Ltd., 297 Edwardes St., Reservoir, Victoria, **interested in contacting U.S. firms considering establishment or expansion in Victoria with a view to negotiating such contracts and in meeting overseas firms operation in same field as Andasteel (structural designers and fabricators) to observe methods, advertising techniques, development and negotiation of contracts and requesting technical information.** May 19 via Los Angeles for approx. 1 mo. c/o U.S. Dept of Commerce Field Offices en route. Itinerary: Los Angeles, San Francisco, Sacramento, Salt Lake City, Denver, Kansas City, Rockford, Chicago, Cleveland, Buffalo, N.Y., New York City, Washington, D.C. WTD in preparation.

ECUADOR—Carlos A. Jurado, Owner/Manager, Implex Cia. Ltda., P.O. Box 6134, Guayaquil, **interested in importing U.S. printshop equipment and vinyl plastic materials and requesting technical information.** April 30 via New York for 20 days. c/o Angel Morales, 1161 Shakespeare Ave., Apt. C-66, Bronx, New York 10452. Itinerary: New York. WTD in preparation.

ENGLAND—Stanley H. Lunt, W. & F. Walker Ltd., Lunt Ave., Park Lane, Bootle, Lancs., **interested in licenses to manufacture and distribute specialist chemical mixtures for cleaning, treating and coating metals, derusting, stone cleaning, tanker cleaning, floor and wall surfacing, waterproofing, flame retarding materials and building trade.** May 21 via Philadelphia for 7-10 days. c/o British Consulate General, 12 S. 12th St., Philadelphia, Pa. 19100. Itinerary: dependent on trade inquiries being made. WTD in preparation. (See INTERNATIONAL COMMERCE, Apr. 20, p. 36.)

HONDURAS — Henry Cronfel, Fabrica de Ropa Gilda, S. de R. L., P.O. Box 262, Tegucigalpa, **interested in manufacturing wearing apparel for men to be produced in a plant in the U.S.** April 30 via Miami for 4 mos. c/o Mr. Aboud, 421 80th St., Brooklyn, New York 11209, phone SH 8-6017. Itinerary: Miami, New York, Chicago, Minneapolis, San Francisco, Los Angeles, Houston. WTD 2/68 under revision.

INDIA—P. N. Mirchandani, Proprietor, Knitlene Textile Mills, 28-29 A to Z Industrial Estate, Ferguson Road, Bombay 13, **interested in exporting printed pure silks, nylons, handicrafts and requesting technical information on latest machinery for knitting and processing fabric.** Second week of May via Los Angeles for approx. 1 mo. c/o MIT 37-146, Cambridge, Mass. 02139. Itinerary: Los Angeles, San Francisco, Chicago, Washington, New York, Boston, Miami, Honolulu. WTD in preparation.

ISRAEL—Abraham Klar, Manager, KOR-OZ LTD., Industrial Zone A, Ramle, **interested in obtaining know-how on manufacturing frost-free refrigerators and possibly establishing license agreement with U.S. firm, in purchasing complete units and related spare parts, and requesting technical information.** May 5 via New York for 3 weeks. c/o Sydney Clare, 36 Stone Dr., West Orange, N.J. 07052. Itinerary: New York area, others as necessary. WTD 5/68 under revision.

NEW ZEALAND—G. J. Macdonald, Divisional Engineer, Wellington City Corp., P.O. Box 2199, Wellington, **interested in improved methods of refuse disposal, construction materials for enclosed swimming pools, asphalt batching plants and quarry installations for production of road aggregates.** May 25 via New York until June 4. Itinerary: 5/25-26 New York c/o Times Square Motor Hotel, 8th Ave. & W. 43rd St., New York, N.Y. 10036; 5/27 Philadelphia; 5/28-29 Chicago; 6/1-2 San Francisco; 6/2-4 Los Angeles.

PAKISTAN—M. Bashir-ud-deen, Commercial Company International, 56-57 Ghafur Chambers, Victoria Road, Karachi 3, **interested in microwave communications equipment and automotive spare parts.** Last week in May via New York for 1 week. c/o Calvert Electronics International Inc., 220 E. 23rd St., New York, N.Y. 10010 (212-679-1340). Itinerary: New York, Chicago. WTD in preparation.

PORTUGAL — Humberto Ferreira, E. Pinto Basto & Cia, Ltda., 1-1° Avenida 24 de Julho, Apartado 2200, Lisbon 2, **interested in contacting U.S. tour operators to promote routing of tourists to or via Portugal.** May 15 via New York for approx. 12 days. c/o Hotel Taft, 7th Ave. & West 50th St., New York, N.Y. 10019. Itinerary: New York, Chicago. WTD 3/70.

SOUTH AFRICA—C. W. V. E. Smith, General Merchandise Manager, I. C. McGregor, Development Manager, and R. Stuttaford, Jr., Stuttaford & Co. Ltd., Adderley St., Cape Town, **interested in seeing new developments in American shopping centers.** April 26 via New York for 26 days. c/o Charles J. Breyer & Associates Inc., 133 E. 36th St., New York, N.Y. 10016. Itinerary: New York, San Fran-

cisco, Los Angeles, Atlanta, Pittsburgh, Philadelphia, New York. WTD 10/65 under revision.

SWEDEN—Hans Haste, Managing Director, Pogo Produktion AB, Infanterigatan 1-3, S-171 04 Solna, **interested in educational materials such as slides, filmstrips, overhead projection material, printed material.** May 18 via New York for 3 weeks. Itinerary: 5/18-25 and 6/5-6 New York c/o Tudor Hotel, 304 E. 42nd St., New York, N.Y. 10017; 5/26-29 Washington, D.C. c/o Ambassador Hotel, 1412 K St., NW., Washington, D.C. 20005; 5/30-6/3 Chicago c/o Palmer House, 17 E. Monroe St., Chicago, Ill. 60690. WTD 4/70.

Coaxial cable equipment goal of Pakistan department

The Pakistan Telegraph and Telephone Department has issued Tender No. 5-8/69/755 for coaxial cable equipment. The bid deadline is August 3.

Bids should offer services for a route survey, supply, supervision of installation of coaxial cable route equipment, and terminal equipment for a coaxial cable system. Purchases are to be financed by IDA credit.

Copies of the tender announcement and specifications are available from the M.N.A. Kirmani, Divisional Engineer (Purchases) T & T Directorate General, Government of Pakistan, Block No. 12, Room No. 3, Frere Rd., Karachi, Pakistan, or on a short term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230. ★(202-967-4823).

Argentine-owned utility will install EDP accounting system

Gas Del Estado, Alsina 1170, Buenos Aires, the Argentine Government-owned gas utility invites management consulting, software or computer firms to submit qualification data for installation of an accounting system based on use of EDP equipment.

Copies of conditions are available for 50 Argentine pesos from above address by requesting Tender No. 7765; bid deadline June 16.

July deadline set by Ethiopia on communications equipment

The Imperial Board of Telecommunications of Ethiopia has issued Tender No. 6/70 for the supply of VHF communications equipment. The bid deadline is July 4.

Bids should offer six 5 watt VHF FM fixed stations, single channel, six yagi antennas, feeder cables, and spare parts for three years.

Copies of the tender announcement and specifications of Ethiopia Purchasing Division. P.O. Box 1047, Addis Ababa, for U.S. $1.80 per set or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643 Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Transmitters, terminals listed on tender issued by Pakistan

The Pakistan Telephone and Telegraph Department has issued Tender No. 21-26/69/759 for the supply and installation of HF communications equipment. The bid deadline is August 10.

Bids should offer two 30Kw HF SSB transmitters, two 10Kw SSB transmitters, four ISB receiver terminals, and four 4-channel R/T terminals; purchases are to be financed by an IDA loan.

Copies of the tender announcement and specifications are available from the M.N.A. Kirmani, Divisional Engineer (Purchases) T&T Directorate General Block No. 12, Frere Rd., Karachi 1, Pakistan, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

Export business vs. domestic business

"I do not believe the export business should be approached on the basis of skimming the gravy off the top. Nor do I believe it should be looked upon as plus business that can absorb overheads. If you begin applying all types of rationale to the benefits of getting export business, you will never get into the business on a sound, permanent basis. It must be looked at in the same terms as domestic business. A dollar's worth of export business should have the same value as a dollar's worth of domestic business."

—George Strike, President,
American Laundry Machinery Industries

Malaysia requests supply of telephone cables, accessories

The Telecommunications Department, Government of Malaysia, has issued a tender for the supply of telephone cable and accessories. The bid deadline is July 15.

Bids should offer quotations on varying quantities of telephone cable, loading coils, suspension clamps, pole terminations and accessories.

Copies of tender announcement and specifications are available from the Director-General, Telecommunications Department Government of Malaysia, Kuala Lumpur or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230. ★(Code 202-967-4823).

Transmission lines, substations needed by Argentine utility

Electricidad de Misiones S.A., an Argentine-owned electric utility, invites bids on Tender M 7 for the supply and laying of 33 kv, 13.2 kv, and 0.38 kv transmission lines and the construction of substations in the city of Posadas, Misiones Province. The project is financed by an Inter-American Development Bank loan. The deadline for bids is June 15.

Copies of conditions and complete technical specifications are available for 100 Argentine pesos (U.S.$1=3.50 Argentina pesos) from Electricidad de Misiones S.A., Ayacucho 417, Posadas, Misiones, Argentina.

Tender issued for cable, route and terminal equipment needed by Pakistan Government agency

Coaxial cable equipment is being sought by the Pakistan Telegraph and Telephone Department. The bid deadline is July 2; Tender No. 5-5/69/754.

Bids should offer services for a route survey, supply; supervision of installation of coaxial cable, route equipment, and terminal equipment for a coaxial cable system. Purchases are to be financed by IDA credit.

Copies of the tender announcement and specifications are available from the M.N.A. Kirmani, Divisional Engineer (Purchase) T and T Directorate General, Government of Pakistan, Block No. 12, Room No. 3, Frere Rd., Karachi, Pakistan on payment of Rs. 100 or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

New Trade Lists

The Bureau of International Commerce has published the following Trade Lists. Mimeographed copies may be obtained by firms domiciled in the United States from BIC-924, U.S. Department of Commerce, Washington, D.C. 20230, and from Department of Commerce Field Offices. The price is $1.00 per list for each country.

American Firms, Subsidiaries and Affiliates—Cameroon, April 1970

American Firms, Subsidiaries and Affiliates—Viet-Nam, April 1970

Pakistan communications agency seeks mobile, fixed devices

The Pakistan Telegraph and Telephone Department has issued Tender No. 21-29/756 for the supply and installation of VHF communications equipment. The bid deadline is July 10.

Bids should offer VHF fixed and mobile stations, frequency range 132 to 174Mhz; base station R.F. output power 30 to 40 watts; mobile units 10 watts. Purchases are to be financed by an IDA loan.

Copies of the tender announcement and specifications are available from the M.N.A. Kirmani, Divisional Engineer (Purchase) T&T Directorate-General, Block No. 12, Frere Rd., Karachi 1, Pakistan, or on a short-term loan basis to firms located in the U.S. from the Communications-Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230 ★(202-967-4823).

XUM

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

KOREA—Officials of the Ministry of National Construction (MNC) stated that the Republic of Korea Government applied for a $34.5 million World Bank loan to **expand Pusan's central and #5 piers.** The officials expect a World Bank feasibility study team to come in May or June.

KOREA—An official of the Agricultural Development Corp., (ADC), a Republic of Korea Government organization, indicated that ADC will invite international bids on two construction projects financed from an approved $42 million IBRD loan. Details are being withheld pending a formal announcement which may be carried in a few international construction engineering journals as well as through the local media. The ADC official stated that one project will be the **construction of an irrigation system in Kum Kang (Kum River area).** A second anticipated project will be the **construction of a sea dike for land reclamation in the Pyongtaek coastal area.** ADC plans to begin the projects in July 1970 and complete them within five years. The official said that according to ADC's feasibility study the Kum River area construction project would include irrigation canals, tunnels, channels, pumping stations, drainage canals, land consolidation for paddy rearrangement, power systems, and power distribution. ADC also plans to import hydrological apparatus in connection with the project. The Pyongtaek area project involves similar construction work plus sea dike and sluice gate construction. Inquiries concerning the projects may be sent to: Special Project Administration Department (1st SPAD), Agricultural Development Corp. (ADC), CPO Box 490, Seoul, or Sang Yong Building, 24-1 2nd-ka, Jeo-dong, Chung-ku, Seoul.

VENEZUELA—According to the National Waterways Institute, the feasibility study regarding **deepening of the Orinoco River to accommodate iron-ore vessels** with a minimum draft of 38 feet should be completed in late May. While Venezuela now exports over 19 million tons of iron-ore yearly using the Orinoco River, the Government and the industry feel for competitive purposes in the European market they must begin to use larger vessels. With a 38 feet draft, vessels of 80,000 ton capacity could average 90% capacity throughout the year. On completion of the study being done by Tippets-Abbett-McCarthy-Stratton, New York, the Institute believes it will take a year to obtain an additional dredge and another year to do the necessary deepening of the channel. The two dredges the Institute now has are of Japanese manufacture. The project presents the opportunity for the sale of a dredge (about $1.2 million). Further information is available from: Instituto Nacional de Canalizaciones, Edificio Atlantic, 6° Piso, Avenida Andres Bello, Los Palos Grandes, Caracas, Venezuela.

VENEZUELA—The construction of a new **International Airport for Caracas** at Maiquetia has been under study for many years. An American consulting group Tippetts-Abbett-McCarthy-Stratton, 375 Park Ave., New York, has been involved in the project. The selection from the various proposals for the airport design was made late last year. The new airport is planned to be able to handle the expected traffic load into the next millenium but will be constructed in two phases, of which the first will be designed to handle traffic into the 1980's. This phase is expected to cost $78.7 million, already authorized by Congress. Expropriations have begun. According to the plans of the Ministry of Public Works, $27 million will be foreign content, consisting of special construction machinery, imported construction material (air conditioning, water pumps, electric generators, lighting fixtures, baggage handling equipment, etc.) and navigational aids and runway illumination. It is not expected that foreign companies will be asked to bid on the earth moving and civil engineering part of the project, as these are standard and local companies are able to execute it. U.S. firms interested in offering equipment should contact these two agencies of the Government of Venezuela: Ministerio de Obras Publicas, Division de Aeropuertos, Zona Rental Plaza, Venezuelas, Caracas (Dr. Omar Cardenas, Director) and Ministerio de Comunicaciones, Division de Aeropuertos, Edificio Ramia, Esquina de Carmelitas, Caracas (Dr. Alejandro Rivero, Director).

VENEZUELA—Venezuela's Minister of Public Works announced the construction of a **general hospital with maternity facilities** for that area of the city at an estimated cost of Bs 50 million. Bidding is expected to open at the end of 1970 with construction beginning in 1971. This is a densely populated area of Caracas and has only a 20-bed emergency hospital. The construction of a hospital in that area was one of the promises made by both major parties in 1968 during pre-election campaigning. Embassy inquiries reveal that it has not been decided which entity will build, finance and operate the hospital and that no specific plans as to its equipment and facilities have been made. It is possible that any of the following entities will build, finance and operate the hospital: Ministerio de Obras Publicas, Division de Planificacion de Hospitales, Edificio Sur, Centro Simon Bolivar, Caracas; Instituto Venezolano de los, Seguros Sociales, Division de Hospitales, Edificio Haiek, Quinta, Crespo, Caracas; Concejo Municipal de Petare, Division de Obras Publicas, Palacio del Concejo, Petare, Estado Miranda, and Gobernacion del Estado Miranda, Division de Obras Publicas, Palacio del Gobierno, Los Teques, Estado Miranda. Imported content of the project will consist most likely of air conditioning equipment, certain water supply and electric power distribution equipment, emergency generator, all medical and laboratory equipment and instruments and initial supplies. Government entities are obliged by law to buy from local distributors if available and U.S. firms wishing to participate in this eventual project should alert their local agents and distributors of this opportunity.

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The summary, which may also be reviewed at any of the 42 Commerce Field Offices, alphabetically lists project summaries by country in five distinct classes: airport, seaport, railroad and highway projects; hydro and thermal electric plant and irrigation projects; hospital, hotel and housing projects; industrial plant projects, and comprehensive development projects. Whenever possible, names of contractors and responsible agencies are cited, as well as original publication dates.

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Calendar *for international traders*

BETHESDA, MD.—May 27—Export seminar, Governor's House Restaurant. Sponsors: First National Bank of Maryland's International Banking Division, Commerce's Baltimore Field Office.

CINCINNATI — May 27 — World Trade Dinner. Sponsors: Greater Cincinnati World Trade Club, REEC, Field Office.

CLEVELAND—May 27—Export sales seminar, 10 a.m.-noon, Commerce Field Office.

FAIRFIELD, CONN.—June 4—Monthly luncheon meeting of the Export Managers Club of Bridgeport (Southern Conn.), 12-2 p.m., Fairfield Motor Inn.

HONOLULU—June 17—How to Get Started in Exporting seminar, 10 a.m., Room 286, Commerce Field Office.

NEW YORK—May 27—Annual meeting of the American Importers Assn., Plaza Hotel, 11 a.m. Speaker: Sen. Jacob K. Javits.

OTTAWA, KAN.—May 25—Export Market Development Seminar, 9:30 a.m., and Export Documentation Seminar, 2 p.m. at the Ottawa Chamber of Commerce. Sponsors: Chamber of Commerce, REEC, Commerce's Kansas City Field Office.

ST. LOUIS—June 2—"Show You" Export Workshop, conference room, Federal Bldg., 2 p.m. Sponsor: Commerce Field Office.

SAN FRANCISCO — June 8 — First session in the nine-week summer-seminar in international management conducted by the Center for World Business, San Francisco State College.

WALLINGFORD, CONN.—May 27—General Luncheon meeting of the Combination Export Managers Assn. of Connecticut, 11:15 a.m.-2 p.m., Yankee Silversmith Inn.

WICHITA—May 28—Export Market Development Seminar, 9:30 a.m., and Export Documentation Seminar, 2 p.m., at the Wichita Chamber of Commerce. Sponsors: Chamber of Commerce, REEC, Commerce's Kansas City Field Office.

WINONA, MINN.—May 26—Export Seminar, Winona National & Savings Bank, 2 p.m. Sponsors: Winona Area Chamber of Commerce, State of Minnesota, REEC, Commerce's Minneapolis Field Office.

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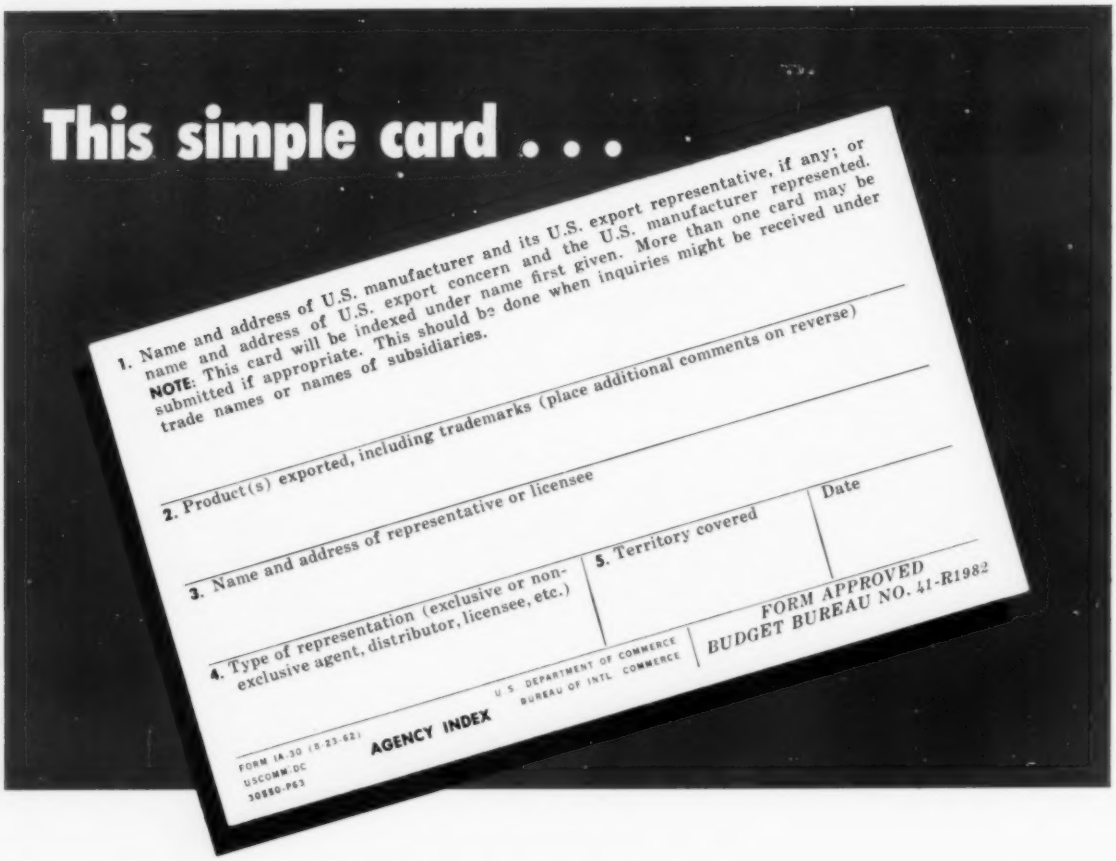
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